

 Phoenix

# Good work for longer lives

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# Contents

1. Our commitment
2. Executive summary
3. Good work context
4. Progress to date
5. Changes need to go further
6. Supporting and empowering people in their financial futures
7. Policy asks summary
8. Conclusion

## Our commitment – Andy Briggs, CEO

At Phoenix Group, the UK's largest long-term savings and retirement business, our core purpose is to help people to secure a life of possibilities.

With longer life expectancy and changes to pensions, it is ever more important people are able to save for their longer lives and for new forms of retirement. Too many people, however, feel excluded from the labour market, especially the valuable but often overlooked over 50s. Age bias and discrimination in recruitment and employment is rife. More than one in three 50–70-year-olds feel at a disadvantage when applying for a job because of their age, but only 20% of employers recognise that age discrimination occurs in their organisations.<sup>i</sup>

There are also economic impacts of fewer people aged over 50 in employment. There is less capacity for the economy to grow, at the very time when demand for new skills and talents to support us into the future is at an all-time high. With more than 30% of the working population over aged 50,<sup>ii</sup> older workers are a core part of the solution, however since the Covid-19 pandemic we have seen an increase in economic inactivity in this cohort. Long-term health issues is the leading reason that over 50s drop out of the workforce, alongside caring responsibilities and people no longer choosing to work. People who are over 50 and are economically inactive due to sickness or disability have, on average, less than £60,000 in wealth – far below the amount needed to support retirement expectations, and twenty times lower than those who chose to retire early.<sup>iii</sup>

The benefits of a more inclusive and sustainable labour market for the UK economy and businesses are clear, but the impact on individuals is just as significant, with more responsibility for retirement finances placed on the individual.

At Phoenix Group, we are proud to have been leading the debate on good work, both in our engagement with stakeholders, and the actions we have taken as an employer. I am proud to serve as the Government Business Champion for Older Workers, an independent role I have held since 2017, in which I have championed the many ways in which the government and businesses can enable people to gain access to, and remain in, good work.

The perspective of older workers and recommendations for good work were set out in the Department for Work and Pensions (DWP) policy paper 'Fuller Working Lives' in 2017.<sup>iv</sup> The increasing importance of the over 50s to the UK economy and workplace was recognised in the report, focussing recommendations for businesses. Most importantly, the report developed the partnership approach to fuller working lives – a focus on the '3 R's' – recruit, retain and re/train. This approach is still relevant today, but arguably the urgency for action has increased since the report was launched.

This is why in 2021, Phoenix Group established Phoenix Insights, our in-house longevity think tank. It uses research to lead the debate to prompt society-wide conversations, and inspire the action needed to make better, longer lives a reality for all.

Phoenix Insights' programme of work has clearly evidenced the paramount need for a focus on good work for people over the age of 50. There is significant opportunity to support the future financial and wider wellbeing of this group if action is taken now. To achieve this, systems and structures need to be developed further and embedded across business and government to enable people to thrive and enjoy the benefits of good work.<sup>v</sup>

This report outlines the changes needed in jobs and workplaces, skills and training, and financial engagement. It also highlights the role that the government and employers can play in achieving this change. I hope it will be a helpful tool for those who wants to engage in the debate and join our efforts in ensuring good work for all, particularly for those over 50 years old. We must embrace future ways of working to include all people and increase possibilities for good work for more people for longer.

# Executive Summary

Average life expectancy in the UK has risen substantially over the last 100 years but society is not organised to support our longer lives.

With changes in our pensions system, the responsibility for financing uncertain futures, and extended retirements, now falls increasingly on individuals. However, most people are not supported to make informed choices about their future finances or to explore employment options as they age.

We must radically reconsider how we learn, earn and live if the population are not to live poorer. Action from government, from the finance sector, and from employers, is needed to prevent millions of people from slipping into financial insecurity in later life.

## The opportunity

A successful good work strategy will increase sustainable employment and greater prosperity for our longer lives. Good work will help businesses to attract and retain talent, increase the accessible labour pool, especially among the population over 50, and increase the wealth of individuals.

## Our progress to date

Phoenix Group champions the 50+ agenda and good work. We work closely with influential partners in government, business and the third sector on themes including employment for older workers, inclusivity, caring responsibilities, and financial security.

Positive outcomes achieved include the Age-Friendly Employer Pledge, increasing adoption of Midlife MOTs, and positioning menopause support as a priority for employers.

Our work has been recognised with numerous awards including the UK's 'Best Company to Work For.'

## Changes need to go further

Government and businesses must collaborate to deliver the rewards of good work: economic growth, higher productivity, increased wellbeing, and more resilient financial futures. This requires a focus on three areas:

### 1) Jobs and workplaces

We must embed good work policies that nurture inclusive, age-friendly workplace cultures by focusing on flexible work, carers, and health and wellbeing.

We urge the government to prioritise age-friendly workplaces and back the Age-Friendly Employer Pledge.<sup>vi</sup>

## Flexible Work

Flexibility is intrinsic to good work and helps to make it sustainable for everyone.

Employers should go beyond the Flexible Working Act. Phoenix offers flexible work to everybody, including six-month sabbaticals and phased retirement.

- The government should set out employer guidelines while businesses should be proactive and encourage flexible arrangements.

## Carers

Caring responsibilities are a major cause of reduced hours or exiting the labour market. This affects incomes and savings for one in seven UK citizens.

Focusing on working carers will keep more people in good work and increase 50+ labour market participation.

The Carer's Leave Act introduced a statutory right to five days unpaid carers leave and is expected to come into force in 2024. Phoenix offers 10 days paid carers leave, and six-month sabbaticals.

- The government should make 10 days of paid carers leave a statutory right, businesses should not wait but, where possible, offer paid carers leave immediately.

## Health and wellbeing

Poor health or disability is the most common reason people stop working before they want to or before they reach State Pension age. But the right job can be good for someone's health and wellbeing.

Long-term ill health is a major labour market challenge affecting over-50s. Support for long-term physical and mental health conditions can make a large difference. Supporting the menopause, which affects millions of workers, is integral to this. The government has appointed a Menopause Employment Champion in response to the 50+ Taskforce report, chaired by our CEO Andy Briggs.

- The government should coordinate work and health responsibilities across government departments with a nominated director (as advocated by the CIPD) with designated responsibilities to improve the recruitment, retention, and progression of people with disabilities and long-term health conditions.

## 2) Skills and training that offer career-long opportunities

Most UK workers lack the skills they will require to do their role in 2030. As we increasingly rely on an ageing workforce, skills requires an "all age" approach. Most people are unaware of the careers information and advice services that are available. Some steps have been made, like the 'Midlife MOT' but a comprehensive 'career lifetime' approach is needed.

- The government should build on the Midlife MOT scheme and provide universal, free adult career support. Businesses should promote the Midlife MOT.

## 3) Supporting and empowering people in their financial futures

Achieving good work for over 50s will help facilitate secure financial futures. But the framework for supporting people into retirement must change to encourage saving and informed decision-making.

17 million people are not saving enough for the retirement they want. Good work policies can support millions of older workers to boost savings by remaining in work or returning to employment. The vast majority of people (72%) do little or no retirement planning. Too few people are getting the support they need. Increasing decision-making support can prevent people running out of savings and should be a priority for government, regulators, and industry.

One of the biggest pension interventions of this century has been automatic enrolment, which has seen a huge shift in default pension contribution, but the current system does not provide enough to face the challenge of under saving. On top of this, the gender pension imbalance must be addressed if we are to ensure everyone's financial security is improved. The gender pay gap directly affects women's financial futures: lower earnings mean lower pension contributions. We need to challenge the issues around gender and promote equity in all aspects of work.

- All political parties should commit to raising automatic enrolment contributions and defining the framework for how this is to be achieved in the next parliament and government should commit to timings on implementation of automatic enrolment improvements.
- Government should amend rules on advice to enable pension providers to offer more personalised information and, in certain scenarios, free advice.

# Good work - context

Average life expectancy in the UK has risen significantly since the state pension was first introduced, when life expectancy was only nine years for those who claimed it.<sup>vii</sup> Our increased longevity is a fantastic success story of human ingenuity in areas like public health, nutrition, and medical science. But, much of how we structure and organise society is not suited to support us through longer lives.

In previous generations, the traditional path of life followed a simple pattern of education, work, perhaps raising a family and ending in retirement. As we live for longer, however, how long we work for, the jobs we do, how and when we learn and acquire new skills, and how and when we care for others, needs to change. We need employers and public policy to help us navigate these more complex, flexible lives.



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The original State Pension was introduced over 100 years ago. At that time, as John Cridland pointed out in his Independent Review of the State Pension Age, only 25% of those born lived long enough to claim it.<sup>viii</sup> The financial landscape of retirement provision has necessarily transformed since then. With the continuing shift from defined benefit (DB) to defined contribution (DC) pensions, people rather than governments and corporations are expected to take the lead in securing their retirement future. From age 55, people have much more freedom to access their pension savings or pension pots and to decide what to do with this money. This provides them with more control over their pensions.

These freedoms are accompanied by the responsibility of arranging finances for what can be an extended longer life. However, the majority do not, or are not able to, engage with the available resources and support at the appropriate times to make informed choices.

Whilst a great success in increasing savings for millions, automatic enrolment saving levels are acknowledged to be too low to enable a 'real living pension'.<sup>ix</sup> The policy relies upon inertia through defaulting people into saving, however, people are expected to make active decisions when it comes to retirement.

Reforms in recent years – banning the default retirement age, the right to request flexible work and the promise of a cap on high social care costs – are worthwhile measures. But, they do not yet go far enough. If we are to help people lead better, more fulfilling longer lives, there is an urgent need for radical reconsideration of how we learn, earn and live.

The number of people affected by this changing landscape is significant. With our increased longevity, people have three broad choices: work longer, save more, or live poorer. Sadly, the evidence shows that most are on track for the worst scenario - 'live poorer'.

The Phoenix Insights Longer Lives Index<sup>x</sup> showed that just 4.3 million people (14% of DC savers), who reported an expected retirement income *above* the minimum income, look on track to achieve that income in retirement. For the remaining vast majority in the UK, their future retirement looks uncertain. 4.6 million people (15% of DC savers) expect to receive an income in retirement of *less* than the Pensions and Lifetime Savings Association's minimum retirement living standard. This means that millions of people are at risk slipping into financial insecurity unless urgent action is taken.

## The opportunity

Within a global trend of ageing populations, the world of work is changing too. Technology, international competition, and a race to net zero means there is a need to leverage every opportunity for the UK economy.

If we are successful, good work means higher levels of employment at both a local and national level, leading to stronger regional and national economic circumstances and greater economic prosperity for all. Research from the Organisation for Economic Co-operation and Development (OECD) found that businesses who increase the proportion of older workers by 10% are 1.1% more productive.<sup>xi</sup> HMT figures also show that a 1% increase in the number of 50-64 year olds in work could increase Gross Domestic Product (GDP) by around £5.7 billion a year.<sup>xii</sup>

For employers, inclusive workforces that support every individual to contribute and feel valued is essential for retention. Ageing Better's research shows that many employers see the business benefits of employing older workers. Almost four in five (79%) employers agreed older workers brought increased knowledge and skills sharing to their role.<sup>xiii</sup> Attracting and retaining talent in an increasingly competitive market is essential for productivity and older workers.

Older workers in particular look for jobs that are flexible, intellectually stimulating, sociable, age inclusive and offer adjustments for health conditions.<sup>xiv</sup> These factors support a positive work-life balance and strengthen connections to employers, colleagues, and customers. Good work for longer lives helps to promote self-esteem, fulfilment, confidence, engagement, and performance.

It also has the potential to improve health and wellbeing among the population and reduce pressures on associated services like the NHS.<sup>xv</sup>

The case for further change is clear. Significant progress has, however, already been made.



# Our progress to date

The Phoenix Group has a strong record of promoting the importance of the 50+ agenda and the associated need for good, sustainable work for all. Over the years, we have worked with several UK businesses and third sector organisations to lead and drive the debate on older workers and the need for changes to employment. In his role as Government Business Champion for Older Workers, our CEO Andy Briggs has also helped to ensure the government has maintained its work with this group.

Phoenix Insights, our in-house think tank, was established to transform the way society responds to the possibilities of longer lives and to inspire the action needed to make better longer lives a reality for all of us. Their research has already published a body of work informing debate and policy thinking.

Phoenix Insights uses research and analysis to develop ideas, policies and practical actions that will make a difference so we can propose the solutions to improve longer lives for all of us. Since the Covid-19 pandemic, our work has included exploration of the causes of 50+ labour market inactivity.<sup>xvixvii</sup> We have also addressed new and emerging policies like the Lifelong Learning Entitlement, improvement of skills through Lifetime Skills Guarantee and Returners programme, as well as exploring issues around gender inequality<sup>xviii</sup> and changes to the State Pension age.<sup>xix</sup>

This work exemplifies our dedication and leadership in encouraging people across the UK to challenge their assumptions and reimagine their own futures. We want to help people take new decisions to shape their lives differently, whether that be about money, work, health or caring.

## Working with our partners

The three key themes of 'Recruit, Retain and Retrain' introduced in the 'Fuller Working Lives' report have focussed attention to priority areas for change in employment policy and practice for older workers. We have worked in collaboration with experts to drive improvements and grow awareness. Work such as our report on Gen X<sup>xx</sup> with the International Longevity Centre (ILC) highlighted the urgent need to engage people with finances. Partnerships with Business in the Community (BITC) and Timewise have focussed on inclusive recruitment and the need for flexibility in work, and links with Carers UK have focussed on the importance of the more than 2.5 million unpaid carers who balance caring responsibilities with work.<sup>xxi</sup>

In depth studies from Phoenix Insights have focussed on core areas such as financial security, work, and learning and skills. Research has also focused on the experiences of specific groups who face significant challenges, looking at the drivers of differences in financial outcomes based on gender and ethnicity, exploring the root causes, and identifying solutions. In 2023, Phoenix Insights launched the Careers Can Change<sup>xxii</sup> campaign, whose aim is to support people to make more informed choices about career choices by connecting them to information, services and organisations that can help them. The campaign is working with a coalition of partners, such as Brave Starts, CareerShifters, Enterprise Nation, Now Teach, Squiggly Careers, Women Returners and the Learning and Work Institute, all of whom believe changing careers can help people to improve, enjoy and extend their working lives.

We have formed partnerships with all leading business groups, from Make UK to the Chartered Institute of Personnel and Development (CIPD) and the Federation of Small Businesses (FSB) to bring the policy and practical solutions to the attention of businesses and policymakers. Working with Centre for Ageing Better, we head up the Age Business Leadership Team, a group of businesses at the forefront of embracing the opportunities an age inclusive workplace offers. Further work with Ageing Better delivered the Age-Friendly Employer Pledge which encourages a public business

commitment to age-friendly employment policies and practices. This has been signed by several government departments as well as receiving commitment from c.250 employers in its first year.

Working across a broad range of stakeholders, we have seen the importance of 50+ workforce move up the agenda. This work has contributed to specific changes, alongside a greater awareness of the importance of the topic. These include:

- Midlife MOTs implemented in Jobcentres, by pensions companies and by private providers in ever increasing numbers.
- Menopause support being recognised as a priority, with implementation of a key recommendation from the Government Business Champion for Older Workers 2021 report *Menopause and Employment*.<sup>xxiii</sup> This called for a Menopause Ambassador, a role which has now been established and works closely with Government Business Champion for Older Workers.
- Policies that support people through their working lives adopted as Private Members' Bills, including flexible work and carer's leave.

Aligned with this work, and as an employer of c.6800 colleagues around the UK, Phoenix Group wants to lead by example. Our policies and practices are aligned to our mission to be 'the best place you have ever worked' and include partnerships with Advisory, Conciliation and Arbitration Service (ACAS), Timewise and the Behavioural Insights Team to develop and embed initiatives such as mid-career reviews (MOTs), flexible work for all, industry leading carers' support, top-rated social mobility initiatives and a comprehensive data led inclusion strategy. Our work has been recognised with numerous awards including Best Company to work for at UK Company Culture Awards, shortlisted as 'CEO of the Year' by Inclusive Awards, Working Families Best Practice Awards for Carers and Elder Care, EMEA Inspiring Workplace Award and recognition across every category in the Empower role model lists.

We are committed to growing our culture and practices so we can benefit as a company and share insights from our work with others.

The world of work and the skills, particularly for those over 50 years of age, needs to continue to develop and we believe a focus is needed to help us measure and deliver change.



## Changes need to go further

We believe that the best way to achieve good work is with responsible corporate policies, good management and purposeful leadership. Below we outline our recommendations for government and employers as we recognise that a good employment legislative framework is essential to set direction for business and give employers a platform to go further. Ultimately, government and businesses need to collaborate to achieve this target.

The prize of this work is economic growth, higher productivity, increased wellbeing, a diverse workforce, as well as enabling better financial future for millions. To achieve it there are three main areas where focus is needed:

1. **Jobs and workplaces** that support the recruitment and retention of people of all ages in the labour market.
2. **Skills and training** that offer career long opportunities to upskill, learn and progress.
3. **Financial engagement** – a changing landscape and lack of engagement is leading too many people to be financially unaware and unprepared for their future.

## Jobs and workplaces

To achieve economic prosperity and individual financial resilience, we need to embed good work policies that will improve the workplace and nurture an inclusive, age-friendly culture.

We recognise that different people have different experiences and perspectives but what unites us all is a desire for good work, a sense of purpose at work and the opportunity to work in a way that works for us – no matter our age.

The key policies that Phoenix Insights research shows to be most important to create an age-friendly, good workplace are positive policies on:

- Flexible work
- Carers
- Health and wellbeing

Policies will, however, only be implemented if businesses are aware of their importance, and the underlying economic rationale. We know that experience is valued, and skills are sought, but, due to a combination of factors, people aged over 50 are too often overlooked.

We believe that the government should give clear prioritisation to the importance of an age-friendly working environment. To facilitate this, we are calling for a dual approach of formal accreditation and comprehensive information. This will enable leading businesses to be recognised for their positive, age-friendly working environments, and everyone will benefit from clear evidence and information on the actions that can be taken to achieve this.

**We are calling on the government to show leadership by:**

- **Backing the Age-Friendly Employer Pledge developed by the Centre for Ageing Better; and**
- **Providing practical support via a central digital portal on .gov.uk to give businesses the information, case studies and business case rationale they need to recruit, retain and re/train older workers.**

## Flexible work

Flexible work is an intrinsic part of good work, enabling groups such as disabled people, single parents, those moving from benefits, and carers to enter into and remain in the workforce. When asked what employers could do to encourage people to work longer before retiring, the most popular responses were being able to work flexibly.<sup>xxiv</sup> Research from Timewise shows that 9 out of 10 people want to work flexibly, but the approach to flexible work must evolve to suit consumers, businesses, and individuals.<sup>xxv</sup>

The Flexible Working Act means employees have the right to request flexible working from day one and employers must consider any request. This is a welcome step in the right direction, but private and public sector employers can choose to go further than the legislation and embrace more of the benefits of expanded flexible work.

At PhoenixGroup, we offer flexible work from day one to all colleagues at all levels. Our sabbatical policy allows colleagues to take an unpaid career break for up to six months, and our phased retirement policy allows people to reduce hours in the lead up to retirement. We will continue to innovate and are trialling 'post-retirement' contracts to offer newly retired colleagues a flexible contract of, for example, 30 days of work per annum.

We recognise that employers must take decisions that are right for their business, which is why we have called for action from government and employers that does not put onerous burdens on the business community.

### Case Study – Claire’s story

When Claire was just 16, she lost her mother to breast cancer. This seminal moment would go on to define Claire’s own priorities in life. When she first joined Phoenix Group as a Chartered Accountant in 2000, she insisted she do so part-time. The reason? Her children.

“I recognised that you don’t have forever, and I realised I’d never lie on my deathbed and think ‘gosh, I wish I’d worked more.’ But I might think ‘I wish I’d spent more time with my kids.’”

At the time, her decision to work part-time wasn’t just unusual, it was unprecedented. Claire was the finance function’s first part-time employee and homeworker.

Yet rather than holding her back, having a healthy work/life balance enabled her to flourish. More than two decades on, she’s not only still with the Group, but has worked her way up to the very top of the organisation as a member of the executive committee. She still retains that healthy work/life balance, even though her two children are now in their twenties.

“Working part-time and from home has made me see things from a different perspective, be more balanced, be more positive, be more collaborative and more flexible. That’s best for my employer, my colleagues, and my family.”

“Having personally benefitted from flexibility within my own career, I’m passionate about providing opportunities for all and being responsive to people’s needs and individual situations.”

The government should:

- Set out guidelines to help employers understand and explore alternatives if they are unable to accommodate a flexible working request.
- Amend legislation to reduce the number of reasons for an employer to reject flexible working arrangements, once data on formal flexible working requests has been collected.
- Make statutory changes to compel employers with more than 250 employees to publish number and percentage of people that had a formal flexible working request declined.

The business community should:

- Voluntarily publish information on flexible working, including statutory requests.
- Include flexible working in job adverts, using Timewise good practice.
- Proactively encourage conversations about flexible work for existing colleagues.
- Encourage both formal and informal flexible arrangements.

## Carers

Caring responsibilities are one of the biggest drivers for reducing hours at work or exiting the labour market. One in seven people in the UK are juggling work and care, and more than 200k carers leave work every year.<sup>xxvi</sup> Providing unpaid care takes time away from paid work, affecting individuals' ability to save, and limits possibilities for later in life.<sup>xxvii</sup>

As our society continues to age, a focus on working carers is essential to enable more people to remain in good work and is key to enable people aged over 50 to participate in the labour market participation.

The Carer's Leave Act has begun to address this issue by providing a statutory right to 5 days unpaid carer's leave. At Phoenix Group, we have gone further and offer 10 days paid carer's leave, and our sabbatical policy allows colleagues to take a career break of up to 6 months with a right of return, which could, for example help with the provision of end-of-life care.

The business case for this is self-evident. Employers can retain colleagues who would otherwise leave, support a productive workforce and reduce absenteeism for people juggling work with caring responsibilities. This approach requires government and business to work together to develop a country-wide approach and support carers across our economy.

Centrica, a UK energy group, has for more than a decade offered 10 days of paid carer's leave. In 2019 it amended the policy to allow colleagues an additional 10 days off, if taken with matched annual leave, for example if two days off was required, one would be carer's leave and the other annual leave. Centrica calculated the financial saving made by supporting their colleagues through a flexible carer policy and peer support and estimated that they saved £1.8million a year by avoiding unplanned absences and presentism, and another £1.3mn through increased retention.<sup>xxviii</sup>

The government should:

- Campaign and inform on what constitutes a working "carer" and support carers can access.
- Make leave for working carers a paid statutory right.
- Increase amount of statutory paid carers leave to 10 days.

The business community should:

- Offer at least 5 days of paid leave.
- Promote the importance and value of working carers alongside promotion of any existing formal or informal support carers can use.

### Case study - Mary's story

Mary is a single mother who cares for her daughter, Alice, at their home in Bristol, whilst juggling full time work. Alice has multiple disabilities, including autism. Alice can't write – but she touch-types at over 100 words per minute. Alice can't catch a ball – but she is in the top-three percent globally for her favourite online game. Alice is amazing in a crisis – but sometimes can't leave her room.

Mary is Alice's full-time carer, who is a young adult and not able to manage without her mother's support. Alice can't cook for herself and is unable to travel on public transport by herself, but she is becoming increasingly independent, with the hope of one day being able to live by herself.

Throughout Mary's career, she has had to juggle her caring responsibilities with her working responsibilities. During periods when Alice was younger and needed more care, the business provided her with additional support, granting her the ability to work from home full-time, and as well as providing ten days paid carers leave.

Whilst her father was alive, Mary also supported her mother, who was his primary carer. Her employer's flexibility meant she was able to take time off to be there to help – and be there when he died.

Mary now campaigns for Carers' Rights and has been active in supporting the passage through parliament of the Carers' Leave Bill. She says: "About one in seven of us are working and juggling care, everyday hundreds of us – when faced with the choice of 'love or money' – choose love, but at an enormous cost. And this is what I want every employer to know – the people who work for you and are carers deserve to be recognised and supported. Offer carer's leave; don't make people choose between love and money."

### Health and wellbeing

The Institute for Employment Studies says that long-term ill health, continues to be the biggest social and economic challenge that we face in the labour market.<sup>xxxix</sup> Overall, economic inactivity due to ill health has increased by 500 thousand since early 2020 and a record 2.6 million people are now out of work. Whilst research shows that long-term ill health is rising across age groups, those over 50 are more likely to have health issues than other age cohorts.<sup>xxx</sup> Further to this, health has been shown to be the most important factor affecting older workers' decisions to stop working before reaching State Pension age.<sup>xxxi</sup>

The leading causes of ill health-related economic inactivity continues to be dominated by musculoskeletal and mental health issues.<sup>xxxii</sup> Those aged over 50 are most likely to have multiple health-related issues that affect their ability to work, therefore the impact on economic activity is likely to continue with demographic changes.<sup>xxxiii</sup> It is essential for both employers and government to be proactive in supporting the health of those already in, as well as those looking for, work.

The Centre for Ageing Better's report<sup>xxxiv</sup> on health and employment shows that employers are not offering sufficient support to people aged over 50 with long-term physical and mental health conditions. Early access to support, small adjustments to the workplace, and empathetic management can facilitate management of health at work.

An integral part of health and wellbeing at work is the impact of the menopause. There are almost 4 million women aged 45-55 in work in the UK which is when menopause often begins.<sup>xxxv</sup> While menopause usually lasts about seven years, it can also be as long as 14, having a considerable impact on a big part of the workforce. 44% of menopausal women in

employment say their ability to work has been affected, and 80% of them say their workplace has no basic support in place for them.<sup>xxxvi</sup>

We have seen positive steps towards eroding taboos surrounding menopause in recent months. In response to the 50+ Taskforce, chaired by Andy Briggs, the government appointed a Menopause Employment Champion to address the impacts of menopause at work.

Employers are also stepping up. A CIPD poll in April 2021 showed that almost a quarter of workplaces (24%) have introduced menopause guidance, policies, and support.<sup>xxxvii</sup> Phoenix Group provides a holistic package of support that includes specialist gynaecological medical support, menopause champions and a training scheme for both managers and individuals.

More can still be done to support women experiencing menopause. This includes further research to understand the financial impact of menopause on the individual.

The government should:

- Coordinate work and health responsibilities across government departments with a nominated director (as advocated by CIPD) with designated responsibilities to improve the recruitment, retention, and progression of people with disabilities and long-term health conditions. Their position should include the interplay between age, work, and health, and they should report against the following actions:
  - Conduct a full review into the relationship between health inequalities and long-term sickness and economic inactivity in people over 50.
  - Develop improved workplace-based health services, including access to early and independent support, and extend occupational health and wellbeing support to smaller employers and self-employed people.
  - Develop methodology to quantify the cost of menopause on the individual, businesses, and the UK economy.

The business community should:

- Review internal Occupational Health & Safety monitoring and support to ensure full and equal access to support for health at work, proactive focus throughout employee lifecycle, including acquired disabilities, such as musculoskeletal issues.
- Develop adequate workplace policies or plans in place to support people experiencing a broad range of health and wellbeing impacts, including the menopause.
- Put in place workplace awareness, training and support for mental health, wellbeing, and menopause, using internal champions or Employee Assistance Programmes (EAP).

## Lifelong career advice

Careers advice helps enable people to access better, different work when they need to. Currently, many people over 50 are not aware of careers advice that could benefit them. The Gatsby Foundation has estimated that 11 million adults in the UK would benefit from adult careers advice.<sup>xxxviii</sup> Phoenix Insights found that only 15% of people aged between 45-54, and 8% of people between 55-75 have received careers advice in the last 3 years.<sup>xxxix</sup>



Most people are unaware of the careers information and advice services that are available. Only around a fifth of adults say they have heard of the National Careers Service, UCAS Careers Advice or the UK Careers Fair.

Despite the lack of uptake of careers advice, Phoenix Insights' research shows increasing numbers of people are thinking about changing their careers.<sup>xi</sup> A third of 45–54-year-olds are expecting to change their career before they retire, and only a third of young adults are expecting to have a single career for life. But many people do not know how best to navigate these changes, or where to get information and advice on existing opportunities. Business and government both need to promote inclusive, lifelong upskilling and learning, and role model career-switching pathways for people of all ages.

## Lifelong skills and training opportunities

Progress is being made to unlock the UK's potential across all ages in the workforce. There is both demand for and increasing recognition that more must be done to improve career, skills and training opportunities. For too long, careers, skills and training have been almost exclusively focused on the talent pipeline of school leavers. We now need to evolve this into a 'career lifetime' approach that enables individuals and businesses to benefit from, the skills and experience of all ages in the workplace.

A key way to engage and assist people in the critical mid-career stage is through the 'Midlife MOT'.<sup>xii</sup> Retaining experience, developing skills, and improving productivity are key business drivers that offering an MOT supports.<sup>xiii</sup> In addition to the government MOTs, some employers, such as Phoenix Group, have also developed their own initiatives. Phoenix Insights commissioned the Behavioural Insights Team (BIT) to conduct a review of existing MOT literature and an evaluation of our own MOT pilot. Our report also includes recommendations for potential MOT providers and policymakers to drive the uptake and effectiveness of the intervention in the future.

Apprenticeships have opened opportunities, but reform is needed here to make apprenticeships work for all. The government has established a Lifelong Loan Entitlement (LLE) as part of the Lifetime Skills Guarantee. However, our research shows significant barriers need to be overcome to encourage and support lifelong learning and reskilling. Many businesses and people are concerned about the "loan" aspect of the LLE – as older people are averse to taking out more debt and businesses do not want to push employees into taking a loan. We are glad that the Department for Education (DfE) has followed Phoenix Insights recommendation to rebrand away from the "loan" element of the LLE.<sup>xliii</sup>

The future demographic changes combined with the rapid pace of technological change and our race to net zero makes it an urgent imperative to support reskilling and careers, for all ages, to both support everyone's working and financial resilience, and the productivity and growth of the UK economy.

The government should:

- Create a national strategy for lifelong career advice and guidance (as per the Careers Guidance Guarantee) that is linked to economic growth priorities and adequately funded.
- Widen the provision and coverage of Midlife MOTs by developing and promoting a holistic plan to include public and private methods of delivery to enable free access to high quality resources and support.
- Ensure universal access to free independent adult careers support and ensure that all age groups are prioritised and funded.
- Reform the Apprenticeship Levy into a Lifelong Learning and Skills Levy.
- Track apprenticeship/ skills levy utilisation, including age breakdown.
- Fully use devolved powers to ensure that local skills strategies reflect local needs and circumstances and deliver this through Local Skills Improvement Plans.
- Whenever State Pension age is increased, utilise savings to create a £300m Sustainable Work Fund to improve 50+ employment engagement and support.
- Explore policies such as the right to paid training leave to support employees increase job-related skills.
- Provide clear guidance on the role of employers, including qualifications available and how they can support their employees to engage with lifelong learning.

The business community should:

- Introduce and pilot elements of the Midlife MOT as part of employee support package with associated access to follow up services and support “iterate, evaluate, and publish.”
- Track training/qualifications undertaken by colleagues (alongside recruitment/retention figures) broken down by age, to ensure there are no training gaps at different level/across different generations of the workforce.
- Ensure training and development has a flexible delivery model which works around caring responsibilities and other needs (including disabilities and physical/ mental health needs).

### **Funlola's Story**

"At the outset, I wasn't really sure what I was getting into, but Phoenix Group's online MOT tool was easy to use. To be honest, I hadn't actively thought about life in retirement, or what I wanted it to look like, so doing this course was a real eye opener.

Working through the course with its core pillars – health, wellbeing and financial, I began to understand more about what the future could look like. It wasn't just pure guidance, but a real deep dive into where I am now and what I would want for the future.

The workshops facilitated cross-learning across ages and life phases. This was the most beneficial part of the MOT for me, to be able to interact with others at various stages of their retirement journey, hear what they were doing, explore their points of view and how/what they were planning. It made me realise that our values change as we get older and so it's important to constantly re-evaluate and to have an employer that keeps engaging and developing its staff.

I'd never really thought about pensions before, (including the ones I already had with other companies) or how I saw older life. It got me thinking on so many levels – can't say it got me consistently eating more fruit and fibre - but it did get me thinking about what body I want to be in, if I would want to travel, would I have paid off my mortgage? The workshop made me address planning more for the future, saving more, including putting my bonus into my pension to boost it, and thinking about my finances. Also, it made me think about what I would do with respect to work, did I want to partially retire, volunteer, or keep working as long as possible.

I'll be revisiting the MOT again in 12 months' time, to ensure I'm keeping on track and have enough to retire on in the future. I'd definitely recommend doing this MOT to friends and family, as I think it would be hugely beneficial to them in getting ready for later life.

# Supporting and empowering people in their financial futures

Achieving good work for people over 50, through lifelong learning, flexibility and health and wellbeing, will help to unlock the potential for people to achieve their ambition for a secure financial future. Better work alone is not enough and people also need to be able to save more. The framework for supporting people to and through retirement must change to allow them to make the most of their savings.

Steps have been made in this area, with automatic enrolment being hailed a success. It has led to an additional 10 million people saving into a pension – many for the first time.<sup>xliv</sup> However, many are still unable to save enough for their retirement, and the cost-of-living crisis, is compounding this challenge.

Pension freedoms have been introduced to give people more control of their finances with the rise of defined contribution pensions. But these reforms mean people are now having to make complicated decisions about their retirement without sufficient support.

This may lead to sub-optimal choices resulting in people running out of savings, losing out on innovative financial products, or experiencing a lower standard of living. To truly realise the individual benefits of good work beyond working lives, the pensions framework needs to progress to support people to save more for their futures and maximise their income at retirement.

At Phoenix Group, we believe there are three core areas that must be addressed to help support people to and through retirement:

- Supporting people to save more for their retirement.
- Increasing decision making support, for all.
- Addressing gender inequality.

## Supporting people to save more for their retirement

People in the UK recognise the importance of their pensions. Yet Phoenix Insight research shows that up to 17 million people are not saving enough to retire when they want on the income they want. 4.6 million UK adults do not expect to meet the minimum retirement income recommended by the Pensions and Lifetime Savings Association.

Changes need to be made today to create an environment that improves the retirement prospects for the millions of older workers that stand to benefit from the economy-wide adoption of good work policies.

Action also needs to be taken now to build on the success of automatic enrolment and ensure that people across life stages are supported to save enough for their retirement. Modelling from Standard Life shows that with today's automatic enrolment system (8%), someone on average earnings might save £434,000.00 by 68. Increasing contribution rates to 12% would increase this pot size to £651,000.00 which would make a meaningful difference to their living standards in retirement.<sup>xlv</sup>

Automatic enrolment also does nothing for the 12% of workers without a workplace pension as they are under 21 or have incomes below the threshold to qualify for automatic enrolment. The government has introduced legislation to address this but has yet to commit to a timetable for when this will be implemented.

## Increase decision making support for all

Increasing savings levels must go alongside better support for people taking one of the most important financial decisions of their lives. An estimated 72% of people do little or no retirement planning, and as a nation, our financial capability is relatively low; 50% of people feel overwhelmed when thinking about their pensions.<sup>xlvi</sup>

Yet, the take-up of financial advice is low. Only around 8% of UK adults receive the support needed to make financial decisions up to and through retirement, and only 14% of people accessing a defined contribution pension use the government's Pension Wise service, the free pensions' guidance service.<sup>xlvii</sup> People need to navigate and choose from a range of retirement income options, and we know over 70% of those in defined contribution funds want help to choose how to access their pension, including being guided by their scheme to a ready-made retirement income option.<sup>xlviii</sup>

Currently, despite the complex decisions people are expected to take at retirement, too few people are getting the support they need. Enabling and supporting an increase in decision making support, for everyone, must be a priority for government, the regulators and industry. Policymakers need to empower pension providers to increasingly support people to make more informed choices and potentially achieve better retirement outcomes. We know that some people may be too busy or not able to seek personalised advice for their retirement, so policymakers should work to create a safety net whereby there are certain safe scenarios to provide these people with the most appropriate retirement plan for their circumstances, which will include advice.

More also needs to be done to provide 'guided' default journeys for pension savers. Savers need more support in navigating the at-retirement process, and a path of least resistance to a product that has certain key features would provide a significant step forward in protecting members from the risks of the new environment, without removing the choices under the pension freedoms.

In July this year, the government published a consultation on an at-retirement framework for occupational schemes. The consultation proposes a duty on trustees to offer their members decumulation services, or partner with a third party. This is a welcome first step, but we believe more can be done in this area.

## Addressing gender inequality

In addition to age inequality also lies the gender pension gap. The impact of women's life events does not just affect their finances today, but can also affect their financial futures, as lower earnings result in lower pension contributions over time.

Research from Phoenix Insights finds that the gender pay gap already disadvantages women's future finances as they are more likely to contribute less to retirement savings than their male peers.<sup>xlix</sup> 35% of women do not benefit from automatic enrolment due to falling below the earnings threshold, compared to 11% of men.

This disparity is made worse by typical events such as menstruation, motherhood, childcare, menopause, and caring responsibilities that disproportionately affect female earning power at different stages of their career. These are compounded by societal and structural inequalities in the workplace contributing to lower earnings and a continued 'glass ceiling' in terms of progression for women in many sectors.

Both the government and employers need to reform current policies and practices to ensure women's finances are fit for the future.

The government should:

- Set out a clear timeline to make the promised changes to automatic enrolment so people can start to save from 18 and can start saving from the first pound of earnings by removing earnings limit of £10,000.
- All political parties must commit to raising automatic enrolment from 8% to 12% by 2030 subject to suitable economic conditions.
- Amend rules on advice to enable pension providers to offer more personalised information and, in certain appropriate scenarios, free advice.
- Require all pension trustees to have a documented strategy to identify the retirement income needs of their members, and to develop a plan to service those needs.
- Legally require employers to provide information on how contractual changes impact pension contributions.

The business community should:

- Re-enrol workers into pension schemes annually, rather than the statutory three years.
- Ensure employer pension contributions continue during periods of parental leave.
- Ensure workplace health policies offer explicit and visible support for reproductive conditions such as miscarriage, fertility treatment, for those diagnosed with endometriosis and managing menopause symptoms.

# Policy asks summary

## Asks of government:

Area of focus	Theme	Action
Culture	Age-friendly	Back the Age-Friendly Employer Pledge developed by the Centre for Ageing Better
Culture	Age-friendly	Provide practical support via a central digital portal on .gov.uk to give businesses the information, case studies and business case rationale they need to recruit, retain and re/train older workers.
Employment	Flex-friendly	Set out guidelines to help employers understand and explore alternatives if they are unable to accommodate a flexible working request.
Employment	Flex-friendly	Amend legislation to reduce the number of reasons for an employer to reject flexible working arrangements, once data on formal flexible working requests has been collected.
Employment	Flex-friendly	Make statutory changes to compel employers with more than 250 employees to publish number and percentage of people that had a formal flexible working request declined.
Employment	Support carers	Campaign and inform on what constitutes a working "carer" and support carers can access.
Employment	Support carers	Make leave for working carers a paid statutory right.
Employment	Support carers	Increase amount of statutory paid carers leave to 10 days.
Employment	Act on health	Coordinate work and health responsibilities across government departments with a nominated director (as advocated by CIPD) with designated responsibilities to improve the recruitment, retention, and progression of people with disabilities and long-term health conditions.

	<p>Their position should include the interplay between age, work, and health, and they should report against the following actions:</p> <ul style="list-style-type: none"> <li>• Conduct a full review into the relationship between health inequalities and long-term sickness and economic inactivity in 50+.</li> <li>• Develop improved workplace-based health services, including access to early and independent support, and extend occupational health and wellbeing support to smaller employers and self-employed people.</li> <li>• Develop methodology to quantify the cost of menopause on the individual, businesses, and the UK economy.</li> </ul>
Careers & Skills	Create a national strategy for lifelong career advice and guidance (as per the Careers Guidance Guarantee) that is linked to economic growth priorities and adequately funded.
Careers & Skills	Widen the provision and coverage of Midlife MOTs by developing and promoting a holistic plan to include public and private methods of delivery to enable free access to high quality resources and support.
Careers & Skills	Ensure universal access to free independent adult careers support and ensure that all age groups are prioritised and funded.
Careers & Skills	Reform the Apprenticeship Levy into a Lifelong Learning and Skills Levy.
Careers & Skills	Track apprenticeship/ skills levy utilisation, including age breakdown.
Careers & Skills	Fully use devolved powers to ensure that local skills strategies reflect local needs and circumstances and deliver this through Local Skills Improvement Plans.
Careers & Skills	Whenever State Pension age is increased, utilise savings to create a £300m Sustainable Work Fund to improve 50+ employment engagement and support.



Careers & Skills	Explore policies such as the right to paid training leave to support employees increase job-related skills.
Careers & Skills	Provide clear guidance on the role of employers, including qualifications available and how they can support their employees to engage with lifelong learning.
Improve retirement outcomes	Set out a clear timeline to make the promised changes to automatic enrolment so people can start to save from 18 and can start saving from the first pound of earnings by removing earnings limit of £10,000.
Improve retirement outcomes	All political parties must commit to raising automatic enrolment from 8% to 12% by 2030 subject to suitable economic conditions.
Improve retirement outcomes	Amend rules on advice to enable pension providers to offer more personalised information and, in certain appropriate scenarios, free advice.
Improve retirement outcomes	Require all pension trustees to have a documented strategy to identify the retirement income needs of their members, and to develop a plan to service those needs.
Improve retirement outcomes	Legally require employers to provide information on how contractual changes impact pension contributions.

### Asks of business:

Area of focus	Theme	Action
Culture	Age-friendly	Commit to the Age-Friendly Employer Pledge developed by the Centre for Ageing Better.
Employment	Flex-positive	Include flexible working in job adverts, using Timewise good practice.
Employment	Flex-positive	Proactively encourage conversations about flexible work for existing colleagues.

Employment	Flex-positive	Encourage both formal and informal flexible arrangements.
Employment	Flex-positive	Voluntarily publish information on flexible working, including statutory requests.
Employment	Support carers	Offer at least 5 days paid carer's leave.
Employment	Support carers	Promote the importance and value of working carers alongside promotion of any existing formal or informal support carers can use.
Employment	Act on health	Review internal Occupational Health & Safety monitoring and support to ensure full and equal access to support for health at work, proactive focus throughout employee lifecycle, including acquired disabilities, such as musculoskeletal issues.
Employment	Act on health	Develop adequate workplace policies or plans in place to support people experiencing a broad range of health and wellbeing impacts, including the menopause.
Employment	Act on health	Put in place workplace awareness, training and support for mental health, wellbeing, and menopause, using internal champions or Employee Assistance Programmes (EAP.)
Employment	Act on health	Ensure workplace health policies offer explicit and visible support for reproductive conditions such as miscarriage, fertility treatment, for those diagnosed with endometriosis and managing menopause symptoms.
Careers & Skills	Careers	Introduce and pilot elements of the Midlife MOT as part of employee support package with associated access to follow up services and support "Iterate, evaluate, and publish."
Careers & Skills	Skills	Track training/qualifications undertaken by colleagues (alongside recruitment/retention figures) broken down by age, to ensure there are no training gaps at different level/across different generations of the workforce.
Careers & Skills	Skills	Ensure training and development has a flexible delivery model which works around caring responsibilities and

		other needs (including disabilities and physical/ mental health needs.)
Improve retirement outcomes	Pensions	Re-enrol workers into pension schemes annually, rather than the statutory three years.
Improve retirement outcomes	Pensions	Ensure employer pension contributions continue during periods of parental leave.

# Conclusion

Phoenix Group is a purpose led business with a mission to help people secure a life of possibilities. With an ageing population and reducing state support, we play a critical role in society. As people are living longer and pension needs are evolving, we are here to help people prepare for a better, longer life. A part of this work is to help people have the savings they need, for the future they want. Often this means working for longer, making good work vital for a good later life. We believe employers and the government, both have a role to play in enabling good work, for the benefit of the UK economy, businesses, and individuals.

As the largest long-term savings and retirement company, Phoenix Group will continue to collaborate with our peers, the government, and regulators to drive the much-needed change. This includes structural changes to revise approaches to recruitment, employment retention and re/skilling for all the generations in the workplace, as well as changing how we think about work, learning and saving in general.

While some progress in this space has already been made both by us, and others, more change is needed. We look forward to continuing our work with our partners and hope to be joined by many others as we make good work for longer lives a reality.

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<sup>xlv</sup> This calculation is based on starting salary of 25k at 22 years old. No earnings limits applied. 5% investment growth, 3.5% salary growth per year, 1% investment charge. Not adjusted to take inflation into account

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