Aviva Real Retirement Report
Summer 2016

Property wealth in retirement:

Is there enough house to go around?

| **Retirement** | Investments | Insurance | Health |

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Welcome to Aviva's **Real Retirement Report** Summer 2016

Contents

Key findings

Aviva's research shows almost one in two (46%) over-45 homeowners – equivalent to over 6million households – see property as a key part of their retirement income planning, rising to 58% among those aged 45-54.

Nearly seven in ten (69%) agree their home is worth more than their pensions, savings and investments combined, while those who have or plan to downsize typically expect to release £57,140 in the process.

However:

- Almost one in four (23%) mortgaged over-45s are worried about paying off their loans: equivalent to 1.02m households carrying a combined £87.2bn of mortgage debt
- Four in five (80%) over-45 homeowners want to remain in their homes in retirement for as long as they physically can
- One in six (16%) – comprising 2.12m UK households – expect to need to borrow in retirement, with more than half doing so to remain in their homes
- Nearly three in five (56%) feel housing wealth will be needed to pay for care in later life
- Almost one in three (31%) have or plan to give money to help a child become a first-time buyer
- Three in five (61%) see property wealth as a key part of their inheritance planning

In summary, there may not be enough house to go around, and property owners will need to consider all their options carefully.

Aviva's over-55s financial tracker reports a drop in incomes, spending and saving in Q2 2016 along with a rise in debt. It also suggests Brexit has shaken consumer confidence.

“For many, their home is their most significant asset by far – and this is likely to remain the case despite Brexit casting some doubt over the future trajectory of house prices.”

Foreword

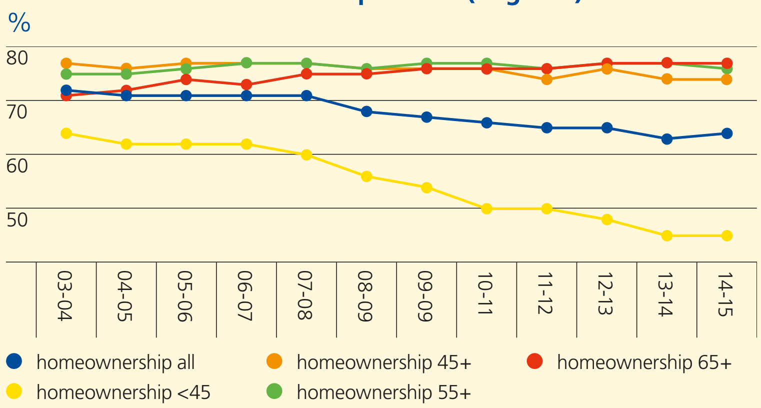
Aviva’s purpose is to free people from fear of uncertainty. This perennial demand becomes more heightened during periods of significant change – like today.

Since 2010, Aviva’s Real Retirement Report has tracked customer attitudes to their finances as they approach retirement. Then, this unique insight allowed us to understand and support our customers in the wake of the financial crisis. Now, as the result of the EU referendum brings another period of uncertainty, it will allow us to understand and support our customers once again.

Our new research shows that the referendum has shaken confidence among the over-55s. The importance of understanding and supporting our customers has never been greater.

It is very timely that this report takes an in-depth look at over-45s’ attitudes towards property and retirement – a core asset for millions as they approach later life. The referendum result has brought the future direction of the residential and commercial property market into sharp focus. It is premature to speculate about where the market will settle – which it will – or how this will shape the wider economy. It is not premature, however, to say that this period of change will be relevant to the retirement plans of many.

Generational homeownership trends (England) – 2003-2015



The diverging rate of homeownership across generations has been among the most fiercely debated trends in the UK property market in the early 21st century. Official data for England, shown below, reveals that property ownership below the age of 45 (born after 1970/1) has dropped by almost 20 percentage points since 2003/4, while holding relatively stable for over-45s and rising slightly for over-65s.

This trend has significant implications for those approaching retirement. Our research finds that almost seven in ten (69%) over-45 homeowners say their property is worth more than their pensions, savings and investments combined. For many, their home is their most significant asset by far – and this is likely to remain the case despite Brexit casting some doubt over the future trajectory of house prices.

The demands on this asset, however, are great. For many, it is seen as a source of retirement income; for many it is a means of funding care in later-life; and for many it is their inheritance for the next generation. For many it is a source of worry as they carry mortgage debt into later life; and for many it is simply their much-loved home. We’re left with the question: Is there enough house to go round?

Alongside our aim to help people save smarter, Aviva is focused on helping people to make the most of all their available wealth, including their property, to deliver positive outcomes for themselves and their families. This new insight will guide our thinking.

Clive Bolton
Managing Director, Retirement Solutions
Aviva UK Life

Homeowners' **journey into retirement**

Britons over the age of 45 share the same steadfast attitude towards homeownership, with many having lived in the same property for more than two decades and having no desire to move any time soon.

Quick read

- The average over-45 UK homeowner has lived in their home for 21 years, rising to 28 among over-75s
- 80% want to stay in their home in retirement, as long as they are physically able to – with 86% resisting a move in with family
- Over-45s' average home-owning 'career' involves just three properties, with 29% having owned just one
- Easier maintenance outweighs money as the most common reason to downsize, despite downsizers typically releasing or expecting to release around £57,140
- Three in four over-45 homeowners have invested in home improvements in the last five years

The UK not only has a tradition of homeownership, but also a strong attachment to individual homes. Aviva's data shows the average homeowner over the age of 45 has lived in the same house for more than two decades – 21 years – with 45% having lived in their current home for longer.

Unsurprisingly, the upheaval of a move appears to become less and less appealing with age. Those in the older age brackets are less likely to relocate in retirement: 60% of over-75s have lived in their current home for over 21 years, and 96% want to stay in their current home as long as possible. On average they have lived twice as long in their current home (28 years) as those aged 45-54 (14 years).

How long have over-45 homeowners lived in their current homes?
%

	All over-45s	45-54	55-64	65-74	75+
1-2 years	6	9	8	6	3
3-5 years	7	11	8	7	4
6-7 years	4	4	5	4	2
8-10 years	9	15	8	8	9
11-15 years	15	23	13	13	11
16-20 years	13	17	16	8	10
21+ years	45	20	42	54	60
Average	21 years	14 years	19 years	23 years	28 years

Only one in eight (13%) of over-45 homeowners have moved homes in the past five years, including a mere 6% in the past two years. Comparing UK regions, Wales is the region where over-45s are most likely to have moved within the last two years (13%) – including moves within the region as well as from other parts of the country – followed closely by the South West at 12%.

"Wales is the region where over-45s are most likely to have moved within the last two years"

Overwhelmingly, when it comes to homeownership the vast majority of over-45s plan to transition into retirement in the same way: by not transitioning at all, if possible. Asked about their retirement plans, 80% intend to stay in their homes as long as they are physically able to, rising to 89% of 65-74s and 96% of over-75s.

This option is clearly more desirable than either downsizing (26%), upsizing (3%), a change of lifestyle or moving in with relatives. In fact, a resounding 86% would not want to sell their property and move in with family with another 13% unsure: proof of a strong desire for independence in retirement in the UK.

What do over-45 homeowners plan to do with their homes during retirement?
%

	Have done or plan to do this	Don't know	Will not do this
Stay there as long as they are physically able to	80	12	8
Downsize to smaller or cheaper property	26	32	43
Upsize to a larger or more expensive property	3	12	85
Sell it and move in with family	1	13	86
Move to a more rural location	13	20	67
Move to a more urban location	5	19	76

31% of homeowners who want to stay put in retirement feel this way because they are happy with their home or garden

When asked for their reasons about why they would want to stay put, most of those who intend to stay in their homes for as long as possible put this down to being happy or content with their home or garden (31%), valuing their independence and freedom to live life how they choose (26%) and feeling they live in a nice location which is convenient and part of a safe neighbourhood (12%).

How many properties do Brits own over their lifetime as a homeowner?

Aviva's data suggests this reluctance to move is understandable, not just because of people's familiarity with their current homes, but also the fact that moving is a rare occurrence throughout their lives. For many, a move in retirement could very well be the first move they make since they were handed the keys to their first home.

More than one in four (29%) over-45 owner-occupiers have owned just one property in their lifetime

More than one in four (29%) over-45 owner-occupiers have owned just one property in their lifetime, with a further 23% having owned two homes. Even among over-75s, 24% have spent their whole home-owning 'career' in a single home with another 19% having owned just two properties. Across all over-45 homeowners, the average number of properties owned during their lifetime is just three, dropping to two among 45-54s who have not been in the property market for as long.

Number of separate homes that over-45 homeowners have owned
%

	All over-45s	45-54	55-64	65-74	75+
One	29	41	28	26	24
Two	23	24	28	18	19
Three	20	15	20	23	19
Four	11	10	10	13	14
Five	8	7	6	8	10
More than five	9	4	8	10	13
Average number	3	2	3	3	3

Almost two in five (37%) homeowners age 45+ paid less than £10,000 at the time for their first home

It suggests that, for many who do move in retirement for the first time in years, there is bound to be a certain level of nostalgia for the property market as they once knew it, having first bought at a time when UK house prices were at an earlier – and much lower – point in their long-term upwards trajectory. Without taking inflation into account, Aviva's data suggests almost two in five (37%) over-45 homeowners paid less than £10,000 at the time for their first home, rising to 73% among over-75s.

Investing in improvements

While the average over-45 homeowner has lived in the same home for the past two decades, this does not mean there have not been changes to the structure of the home itself. More than three in five (77%) have carried out renovations on their homes in the last five years, including 80% of 55-64s. This commitment to upkeep across the board suggests a desire to ensure their surroundings are comfortable, and shows that over-45s are committed to investing in their home and protecting their assets. Despite their advancing years, many over-75s still want to carry out work on their home.

How frequently do homeowners renovate their homes?
%

Years	All over-45s	45-54	55-64	65-74	75+
In the last 5 years	77	78	80	75	74
6-10 years ago	16	17	12	16	19
11-15 years ago	4	3	4	5	4
16-20 years ago	2	0	2	2	1
More than 20 years ago	1	1	2	1	2

Around one in ten (11%) over-45 homeowners have already downsized, with another 15% planning to

Wanting a home that is easier to maintain is the most popular motivation for downsizing, shared by 41%

Downsizing for purpose, upsizing for pleasure

Staying put for the long haul may be the most popular choice, yet downsizing is still a reality of retirement for some. Around one in ten (11%) over-45s have already downsized, with another 15% planning to. The idea of downsizing is most popular among those aged 65-74 (with 28% having done so or planning to) followed by those aged 55-64 (27%). The over-75s are most opposed to the idea (51%) – suggesting those who have managed to remain in their homes for this long feel most strongly about staying there.

Among those who have or plan to downsize in retirement, of all the factors that could entice a move, the reality of physical limitations in later life weighs most heavily on their minds. Two in five (41%) downsizers want a home that is easier to maintain, including 56% of those who are otherwise settled having lived in the same house for more than 20 years.

The second largest factor influencing over-45 downsizers is freeing up money that they can then use to fund their retirement, with one in five (20%) citing this as their main reason for doing so. With this figure in mind, it is interesting then to learn that one in five (20%) of this group are unsure of what they can actually expect to gain when they eventually downsize. A further 7% want to free up money to help their children or family while they are still alive.

Main motive for downsizing among those over-45 homeowners who have or plan to
%

To move to a property with less upkeep that is easier to maintain	41
To free up money I can then use to fund my retirement	20
To move to a more desirable location	10
To move to a property with fewer bedrooms	9
To free up money I can use to help children/family while I am still alive (e.g. to pay for a house deposit, education costs etc.)	7
To move to be closer to family/ friends	7
To free up money I can then use to leave as part of an inheritance	4
Other	3

Over-45 homeowners typically have or expect to release £57,140 by downsizing

Typically, over-45s have or expect to release £57,140 by downsizing, with over-75s apparently enjoying the benefit of having stayed put for longer on average and enjoying a longer period of house price growth. While those aged 45-54 typically gain or expect to gain £49,220 from downsizing, this rises to £125,000 among over-75s. These greater returns or expectations may also be influenced by the fact over-75s are more likely to be mortgage free, whereas the majority of owners aged 45-54 still have a mortgage and might seek to pay this off by downsizing, therefore reducing the amount of money they are left with.

At the other end of the spectrum are the over-45 homeowners who plan to use their retirement as an opportunity to upsize: a much smaller group, comprising 2% who have done so and another 1% who plan to in future. Their most common motives are to move to a more desirable location or into a more comfortable home.

Expert view

"As a nation of homeowners, there is a remarkable attachment between many of us and the houses we live in. Much of the time, this attachment has been built up over a period of decades and a process of investing in home improvements. For those who choose to downsize, easier maintenance appears more of an incentive than releasing money to fund retirement. But as things stand, this is something of a niche pursuit. Our findings suggest that, more often than not, the lifestyle we aspire to in retirement involves remaining in the homes we have consistently nurtured and come to cherish over the years."

Alistair McQueen
Savings and Retirement Manager, Aviva

Mortgage freedom and **retirement borrowing**

Significant numbers are carrying mortgage debt into retirement and anticipate a need to borrow to remain in their homes, as younger homeowners open up to using property as a pension.

Quick read

- 79% of 55-64s got their first mortgage by the time they were 30, three years younger than today's average first time buyers
- One in four mortgaged over-45s are worried about paying off their loans, which total £87.2bn across 1.02m UK households
- At least 2.12m will need to borrow in retirement, with 1.19m depending on this to remain in their homes
- 69% of over-45 homeowners say their home is worth more than their pension, with younger generations more likely to see it as a source of retirement income
- 46% overall see their home as a key part of planning their retirement income, equivalent to 6.08m UK households

Aviva's research shows that mortgage finance has been integral to supporting high levels of homeownership among over-45s. Just 7% of these homeowners have never had a mortgage, down from 10% of over-75s. Life as a mortgage borrower began at the age of 27 for the average over-45 homeowner: six years younger than the average first time buyer in England during 2014/15, who was aged 33[1].

Almost three in four over-45 homeowners (72%) already had their first mortgage by the time they were 30, including 34% who were younger than 25. Those aged 45-54 are the most likely to have taken their first mortgage out aged 20-24, with the 55-64s most likely to have got a mortgage by the age of 30 (79%).

Over-45s' age when taking out their first mortgage
%

	All over-45s	45-54s	55-64s	65-74s	75+
Under 20	3	4	4	4	1
20-24	34	38	36	35	28
25-30	35	31	40	33	33
31 and over	21	20	15	22	29
Average age of first mortgage	27	27	26	27	29

Among over-45 homeowners who have had a mortgage, 69% are now mortgage free rising to 82% among 65-74s and 94% beyond 75. For those who have got there already, the average age of mortgage freedom is 53, rising to 56 among over-75s. With an average starting age of 27, this suggests that many have repaid their loans within the traditional 25 year term.

> Less than half (45%) of outright homeowners paid their mortgage off gradually, with 12% using a pension lump sum

Despite this, less than half (45%) of outright owners aged 45+ have reached 'mortgage freedom' by paying their loan off gradually. 12% have used a pension lump sum, 10% have moved to a cheaper property, 6% have used inheritance money and 6% have used an investment windfall, while 15% used other means.

In contrast, the 31% who still have a mortgage (including 70% of 45-54s, 35% of 55-64s, 17% of 65-74s and 6% of over-75s) expect to rely more on gradual repayments. Almost four in five (78%) expect to take this path to reach mortgage freedom, compared with 45% of those who already got there. Fewer mortgaged over-45s expect to use a pension lump sum, investment or inheritance windfall or downsize.

This could be because these options do not often present themselves until later in life, prompting people to change their plans. However, it could also suggest that over-45s feel they may have other financial needs to address with their pension lump sum or windfall.

1 English Housing Survey 2014/15, February 2016: https://www.gov.uk/government/statistics/english-housing-survey-2014-to-2015-headline-report

How over-45s have reached mortgage freedom – comparing reality and expectations
%

	Those who have reached mortgage freedom – actual	Those who have not yet reached mortgage freedom – expected
Paid off mortgage gradually in usual manner	45	78
Used a pension lump sum to pay off mortgage	12	2
Moved to a cheaper property/sold home altogether	10	6
Used an investment windfall to pay off mortgage	8	5
Used an inheritance windfall to pay off mortgage	6	4
Other	19	7

Among those over-45s with a mortgage, most (77%) are not worried about paying off their debt – but 23% are, including 8% who are very worried

33% of over-45s still with mortgage debt expect to be older than 65 when they pay it off – another 17% don't know when they will manage this, and 4% think they will never do so

While most mortgaged over-45s (77%) are not worried about repaying their debt, Aviva's research still finds 23% who are – including 8% who are very worried. Combining the most recent data on demographic breakdowns by housing tenure with UK 2016 population projections[2], this suggests that as many as 1.02m over-45 households are worried about paying off their mortgages, including more than 350,000 (354,201) who are very worried.

The average mortgage debt among these worried households is £85,634: 34% more than the £63,733 owed by those without concerns. Combined, it suggests they are carrying a collective of £87.2bn in mortgage debt: 7% of the UK's outstanding mortgage debt of £1.29tn[3].

Over-45 owners who are not yet mortgage free expect to reach this point by 63, having borrowed for a decade longer than those who already are. However, one in three (33%) over-45s expect to still be paying their mortgage off beyond the old Default Retirement Age of 65, while a further 17% do not know when they will become mortgage free. Another 4% think they will never pay it off: equivalent to 177,101 over-45 UK households.

Most common characteristics of those worried about paying their mortgage off

- Aged 45-54
- Not yet retired
- Co-habiting or married
- Live in the South East or North West
- Own their home with a repayment mortgage
- Monthly household income below £2,500
- No non-pension savings or investments

Future borrowing needs

Looking ahead, the majority of over-45 homeowners do not anticipate needing to keep borrowing or borrow again in retirement. Even so, a notable minority do anticipate a need.

2 Aviva's calculations combine demographic breakdowns by tenure from the latest English Housing Survey (2014/15) with ONS 2014-based population projections for the number of UK households in 2016, suggesting there are 13.22m over-45 home owning households in the UK, including 4.43m with a mortgage

3 Mortgages outstanding in the UK, excluding lending to housing associations, was £1,290,181m according to CML data (April 2016)

8% of today's over-45 homeowners feel they will need to borrow in retirement to meet day-to-day living costs

Aviva's research shows 8% of today's over-45 homeowners feel they will need to borrow in retirement to meet day-to-day living costs (with 12% unsure), while 9% feel they will need to borrow to remain in their current home (with 11% unsure). Similarly, 13% expect to need to borrow in retirement to meet one-off expenses (with 17% unsure).

Even discounting those who are unsure, the implication is that at least 1.06m over-45 households feel they will need to borrow in retirement to meet day-to-day living costs, while 1.72m will need to do so to meet one-off expenses. Perhaps most seriously, given the overwhelming desire of people to stay living in their own homes in later life, 1.19m feel they will rely on retirement borrowing to do so.

Taken together, 16% of today's over-45 homeowners feel they will need access to finance in retirement for one or more of these reasons: equivalent to 2.12m UK households.

Over-45 homeowners expecting to need to borrow in retirement

	% of over-45 homeowners	Equivalent households
To meet daily living costs	8%	1.06m
To remain in their current homes	9%	1.19m
To meet one-off expenses	13%	1.72m
Total	16%	2.12m

The youngest age group in Aviva's research (45-54) are most likely to anticipate needing to borrow into retirement

In each case, the anticipated need for retirement borrowing is highest among the youngest age group (aged 45-54) and those who are still mortgaged. The latter may be linked to mortgaged over-45s having typical non-pension savings and investments of just £5,371, compared with £37,434 among outright owners. Similarly, mortgaged over-45s are four times more likely than outright owners to have no such savings at all (13% vs. 3%).

Overall, the figures could indicate a generational shift in expectations as financial pressures leave people facing up to spending more of their lives as borrowers. One in six (17%) homeowners who still have a mortgage beyond 45 believe they will need to continue to borrow in retirement to remain in their current home, while 20% might need to do so to meet one-off expenses.

Comparing anticipated borrowing needs by age and type of homeowner
%

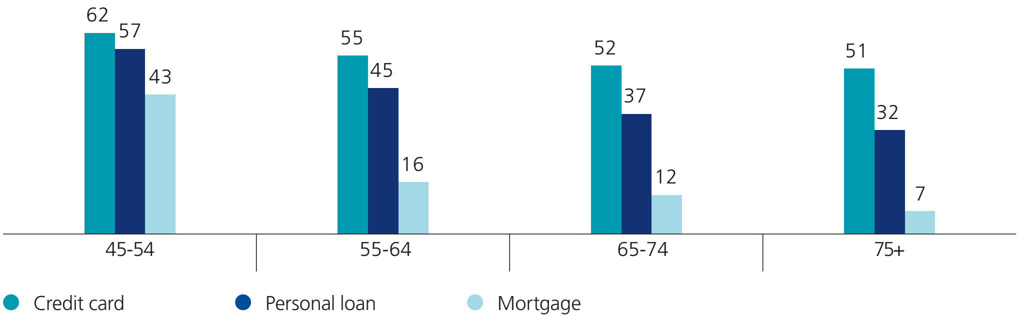
	45-54	55-64	65-74	75+	Outright owners	Owners with a mortgage
To remain in their current home	13	11	8	4	6	17
To meet day-to-day living costs	13	10	8	4	6	13
To meet one-off expenses	18	15	10	8	10	20

Current credit conditions

As things stand, a little over half (54%) of over-45 homeowners believe they have a good chance of being able to borrow via a credit card at their current age, compared with 43% via a personal loan. Less than one in five (18%) believe they have a good chance of getting a mortgage. This falls with age, with access to mortgage finance dropping the most: just 12% of 65-74s believe they have a good chance of getting a mortgage and just 7% beyond 75.

Less than one in five (18%) over-45 homeowners believe they have a good chance of getting a mortgage, including just 12% of 65-74s

Over-45 homeowners who think they have a good chance of borrowing at their current age
%



Note: the remainder felt they had a bad chance of borrowing or answered 'don't know'

Over-45 homeowners estimate their property is worth £264,402 on average

Just 13% of homeowners have taken action to use property to help fund their retirement, but 17% plan to do so

Downsizing and lifetime mortgages look like becoming more popular options while buy-to-let appetite may be diminished

Property as a pension?

Many over-45 homeowners have significant property wealth, with homes they estimate are worth £264,402 on average: 27% more than the average UK house price of £209,000 in April 2016 according to the new official UK House Price Index[4].

Aviva's data suggests the average over-45 outright owner has a home worth £269,558. Those with a mortgage have a home worth £251,917 with £68,189 of mortgage debt outstanding: still leaving them with equity of £183,728 on average.

Despite this, the majority of homeowners have not yet explored a variety of ways of using property to help fund their retirement, either using their home or alternative forms of property investment. Just 13% have taken one of a range of possible actions, with 17% planning to do so in future.

Among the 13% who have already acted, the most common step has been to invest in a buy-to-let (BTL) property (39%) or downsize to make use of capital gains and provide a lump sum for retirement (34%). Fewer of those who have acted (19%) have used a lifetime mortgage to access funds.

However, looking at the plans of those 17% who have plans to act in future, downsizing (50%) and lifetime mortgages (37%) are both more attractive options while BTL appetite appears diminished (17%). This could be a sign of growing uncertainty over the future of 'amateur' BTL following Government changes to stamp duty treatment and landlords' allowances for mortgage interest tax relief.

4 ONS UK House Price Index, April 2016: https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/april2016#uk-all-dwellings

Actions and intentions of those who have already used or plan to use property to help fund retirement
%

	% of this group to have done this already	% of this group who plan to do this
Invest in a BTL property	39	17
Sell or downsize to release funds	34	50
Use a lifetime mortgage to release funds	19	37
Remortgage to release funds	7	13
Invest in a property related fund	5	9
Share home with a tenant or lodger	10	14
Share home with a family member	16	14

Investing in their homes (17%) is second only to pensions (33%) as the best way of investing for retirement, according to over-45 homeowners

Asked about the best means of investing for retirement, pensions clearly emerge as people's favoured option: 33% of over-45 homeowners choose this option. The youngest (45-54s) are most likely to feel this way (43%), while showing less appetite than over-75s for either ISAs or stocks and shares: a likely legacy of the low interest rate environment and uncertain financial markets of recent years. Instead, over-45s' second most favoured option is to invest in the homes they live in (17%) and the 45-54s are again most likely to feel this way.

Which of the following do you think is the best means of investing for your retirement?
%

	All over-45s	45-54	55-64	65-74	75 and over
My pension	33	43	36	29	28
Property – my home	17	19	15	17	18
ISA	15	9	15	20	16
Savings account	11	10	11	12	11
Property – buy to let	8	11	11	7	4
Stocks and shares	8	4	7	8	12
Corporate bonds	1	1	1	1	1
Gilts	1	1	1	1	0
Peer-to-peer lending	1	0	1	1	0
Other	5	3	3	6	8

Almost seven in ten (69%) believe their home is worth more than their pension, savings and investments combined

The youngest age group surveyed – 45-54s – are most likely to see housing wealth as a key part of planning their retirement income

Almost seven in ten (69%) over-45 homeowners agree their home is worth more than their pension, savings and investments combined. However, few have discussed the use of property wealth as well as their pension with either their pension provider (13%) or a financial adviser (16%). The fact that both measures rise to 19% among 45-54s suggests younger generations are more alert to this option.

Nearly two thirds of over-45 homeowners see property wealth as a key part of inheritance planning (61%), and almost half (46%) – equivalent to 6.08 million UK households – see it as a key part of planning their retirement income, rising to 58% among the youngest (45-54) group.

When it comes to paying for care, 56% of over-45 homeowners believe their housing wealth will be needed to help them meet these costs in later life. Interestingly, the same percentage (56%) feel it would benefit their quality of life to use housing wealth to pay for home adaptations in order to live there for longer – helping to meet the common ambition of living out their retirement in their own home for as long as possible. Those aged 45-54 again feel the strongest with 59% in favour, but those aged 65-74 are not far behind on 58%.

Attitudes to property wealth in retirement planning
% of over-45 homeowners who agree

	All	45-54	55-64	65-74	75+
See property wealth as a key part of inheritance planning	61	60	58	67	57
See property wealth as a key part of retirement income planning	46	58	47	44	36
Comfortable with the idea of using their home as a source of retirement income	43	52	45	42	32
Feel they could benefit from using their home as a source of extra retirement income	52	69	54	50	39
Feel housing wealth will be needed to help pay for care in later life	56	58	57	58	53
Feel their quality of life would benefit from using housing wealth to pay for home adaptations	56	59	56	58	52

Expert view →

"It's encouraging to see that pensions rank first in people's minds as the best way to invest for their retirement. However, the realities of modern life and the financial pressures people face make saving a constant challenge. It is no great leap of logic for homeowners to look towards their housing wealth to help make their sums add up in later life. Our analysis suggests we are looking at the early stages of a shift in attitudes and expectations, with younger generations more open to using their housing wealth as retirement income. Many homeowners are already facing a need to borrow into retirement to support their lifestyles or, in some cases, remain in their current homes."

Alistair McQueen
Savings and Retirement Manager, Aviva

Intergenerational **wealth transfer**

Despite their despair at the UK housing crisis, many over-45 homeowners lack the financial means – or in some cases, the will – to help younger relatives become first time buyers through a living inheritance

Quick read

- Almost one in three (31%) have supported their children with buying a first home, or plan to do so
- 43% believe their children or grandchildren will never own their own homes without family help – but 40% feel they should follow their example and buy unassisted
- Living inheritances are favoured over traditional bequests to help family buy property
- The most common route is to dip into savings and other investment income to help out
- On average, those who help family members pay out £25,090 in total – equivalent to their typical non-pension savings and investments

Asked for their views on falling levels of homeownership among people below the age of 30, the response among many over-45 homeowners is to feel bad, depressed, sad, sorry, anxious, worried and concerned as a result. Others expressed disapproval at the Government, housebuilders, financial institutions, the lack of social housing and the cost of rent. Just 8% feel indifferent or do not see it as a problem, 4% felt younger people should save harder and lower their expectations and 2% feel the situation is a natural part of life.

As a result, Aviva's research provides further evidence that many over-45 homeowners are motivated to use their own means to help family members overcome the barriers to homeownership in the UK. Children are undoubtedly the top priority when it comes to helping relatives in this way. Almost one in three (31%) plan to provide support to their offspring, including 19% who have already done so. As expected, the over-75s are most likely to have already offered their children this support (32%).

Over-45 homeowners who have or plan to help children become first time buyers
%

	Total	45-54	55-64	65-74	Over 75
Yes*	31 (19)	27 (2)	29 (13)	34 (25)	36 (32)
Don't know	15	24	15	11	12
No	25	19	22	30	27
N/A	29	30	34	25	25

* Brackets show the % of over-45 homeowners who have already done so, who are also included in the overall figures

In contrast, only 17% of over-45s plan to support their grandchildren, which includes 3% who have done this. Just 12% plan to skip a generation by giving money to grandchildren instead of their children, and just 5% have or will support other relatives to buy their first home.

Financial constraints within families

The benefit of a helping hand is laid bare by the fact that 43% of over-45 homeowners believe their children or grandchildren will never be able to afford to buy a property without family help. Fewer than one in three (30%) disagree with this statement.

However, assistance is far from guaranteed: one in four (25%) do not plan to help their children buy a first home and a further 15% are unsure. Aviva's research suggests a degree of generational tension, with 40% of all over-45 homeowners believing younger generations should stand on their own two feet and buy a home unassisted, as they themselves did. However, one in three (33%) disagree with this suggestion.

Nevertheless, finances have a major impact on how much over-45s can offer help to family members. Among those with monthly household incomes of £1,250 or less, 20% have or plan to help their children to buy their first home; almost twice as many with higher incomes (36%) do the same. Similarly, those who are mortgage free are noticeably more likely to offer help than those who are still mortgaged (34% vs. 25%).

Almost two in five (37%) over-45 homeowners would like to help a family member become a first time buyer, but cannot afford it. Similarly, 52% do not feel comfortable helping others onto the property ladder without knowing how much money they need to live off in their retirement.

This is understandable, as Aviva's over-55s tracker shows that making their money last once they have retired is by far people's most common concern. However, 26% of over-45 homeowners would feel comfortable helping others first, suggesting some might sacrifice their own retirement needs to help younger generations.

Almost two in five (37%) over-45 homeowners would like to help a family member become a first time buyer, but cannot afford to

Over-45 homeowners' attitudes to helping family members onto the property ladder
%

	Agree	Disagree
My children/ grandchildren will never be able to afford to buy a property without help from their family	43	30
I would like to help a family member to become a homeowner but I can't afford it	37	29
I don't feel comfortable helping others onto the property ladder without knowing how much money I need to live off in my retirement	52	26
My children/ grandchildren need to learn to stand on their own two feet and buy a home unassisted – it's what I did	40	33
I would rather help my own family to purchase a property than invest in a buy-to-let home	68	8

More than half (54%) of over-45 homeowners would rather offer a living inheritance to help family members onto the housing ladder than leave an inheritance

Paying for property through a living inheritance

Putting aside financial concerns, over-45 homeowners are more in favour than opposed to the idea of offering a living inheritance to help family members onto the housing ladder. More than half (54%) said they would rather do this than leave an inheritance, compared to just 34% who said they would rather do the opposite.

Looking at those who have or plan to help a family member buy their first home, the majority (71%) use savings and other investments to fund a deposit with a further 10% using this to buy a property outright. Another 10% would downsize their own home, although this looks like being a more popular option in future for those aged 45-54 (17%).

How over-45 homeowners did or will help family members to become first time buyers
%

Use my savings/other investment income to give some money for a deposit	71
Use my savings/other investment income to buy a property outright	10
Downsize and give some money for a deposit	10
Use a lifetime mortgage to help fund a deposit	4
Cashing in part or all of my pension through the pension freedoms to help fund a deposit	3
Sell my property and purchase a home together, sharing purchase costs and/or mortgage	2
Remortgage my home to help fund a deposit	1
Other	10
Don't know	1

Those who have helped a family member onto the property ladder have contributed £25,090 on average: a sum which is slightly higher than the average first time buyer deposit of £23,655[5]. The difference may be affected by over-45s helping more than one family member, or contributing to additional moving costs such as legal fees as well as the deposit. It is also likely to be a sign that first time buyers who enjoy family support are able to put down larger-than-average deposits to help get on the housing ladder.

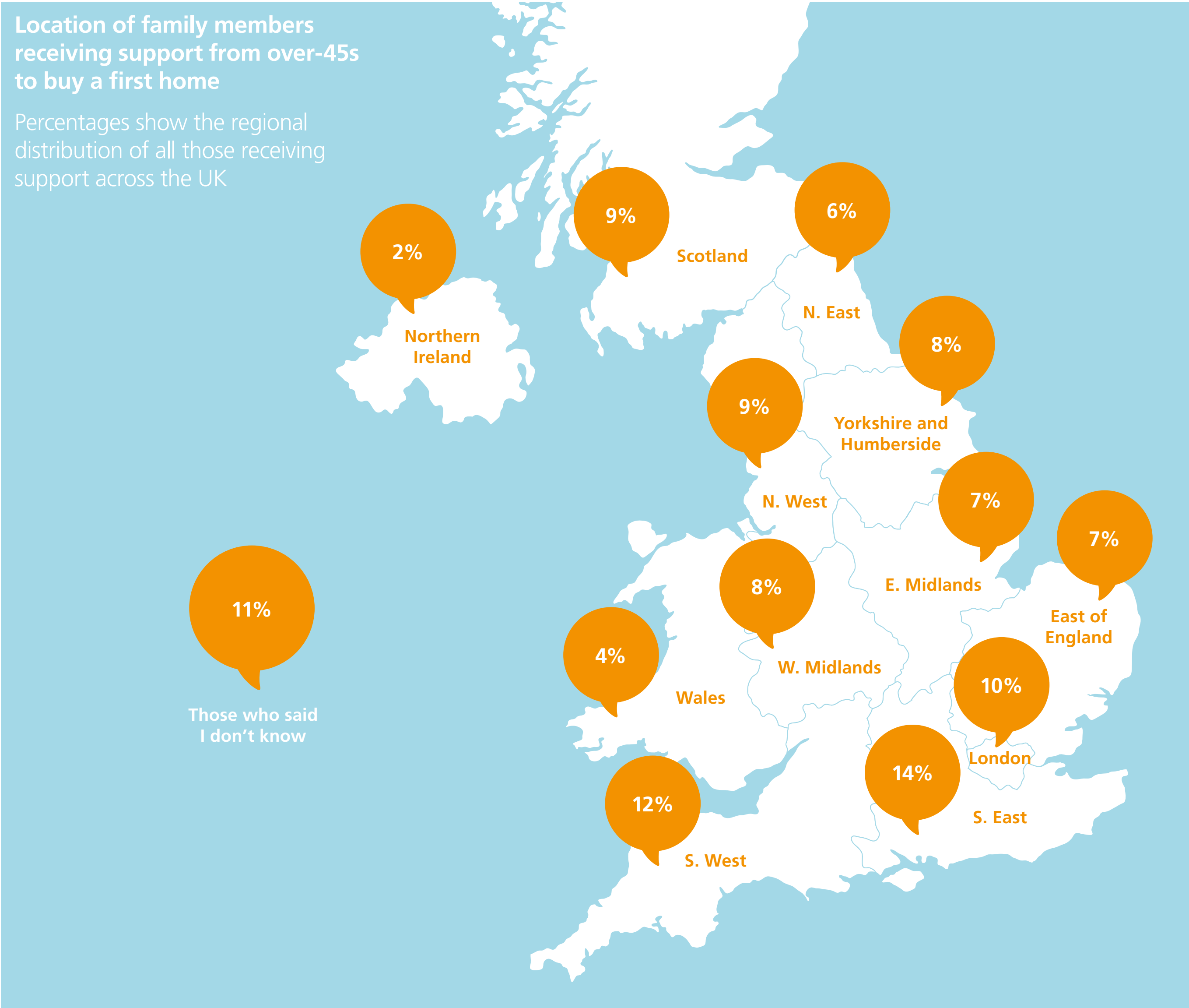
The South East, South West and London are the most popular locations for family members receiving support to buy a first home

Looking at the even spread of regions where the family members receiving this support are based, it is clear that the price of UK property is a UK-wide issue for younger generations, but it is no surprise to see the South and London top the list in terms of regional aid received.

5 Council of Mortgage Lenders, April 2016: https://www.cml.org.uk/news/press-releases/home-owner-house-purchase-lending-in-april/

Location of family members receiving support from over-45s to buy a first home

Percentages show the regional distribution of all those receiving support across the UK



Expert view →

"While many over-45s have benefited from high levels of homeownership and house price growth over the years, these trends have not freed them from financial worries. Not only is there pressure on pension savings to help people become mortgage free, but at the same time, many over-45s have a real sense of wanting to support younger relatives overcome barriers to property ownership that simply didn't exist when they themselves were young. Offering a helping hand is not practical for everyone, which begs the question: if the financial pressures facing today's over-45s mean they cannot help as much as they would like, how will the next generation fare when it comes to supporting their own children?"

Alistair McQueen
Savings and Retirement Manager, Aviva

Conclusion –
what does this mean for consumers?

"With multiple needs to address – including but not limited to retirement income, funding care and helping children and grandchildren get on the property ladder – housing wealth alone is unlikely to provide a definite answer to every need in later life while also providing a place to call home. Nevertheless, property looks like playing a considerable role in a 'blended' approach to retirement funding that is already starting to emerge."

Our analysis of homeownership beyond the age of 45 has far-reaching implications for retirement planning, both now and in the future, with hearts and minds both playing an important role in shaping people's outlook.

Emotionally, it is clear many older homeowners have a strong attachment to their homes. This is entirely understandable when you consider the majority who have passed 65 have lived in the same property for over two decades. Rationally, with many having also seen their property assets grow significantly in value since buying their first home[6], there is a growing awareness that property wealth can help support their retirement goals – but not in their entirety.

What can consumers approaching retirement and industry learn from these findings?

- Advice and guidance are crucial to make the most of all available assets
  While almost seven in ten (69%) over-45 homeowners feel their home is worth more than their pensions, savings and investments combined, few have discussed its potential use in retirement either with their pension provider or financial adviser. It leaves them more likely to consider property for inheritance planning than retirement income planning – but things are not so clear-cut in the post-pension freedom landscape. Retirement products are evolving, along with inheritance tax rules, and older homeowners may increasingly need joined up advice and guidance to make the most of both their pensions and their property wealth.

- Boosting pensions via property will become a case of when, not if
  Aviva's findings suggest pensions are still seen as the best way to fund retirement, with people most concerned about making their savings last in later life. More than one in ten mortgage-free over-45 homeowners have used a pension lump sum to clear their debt, and this could tempt more people in future as the rise of house prices and first time buyers' average age create a bigger burden of later life mortgage debt. Using a pension in this way amounts to a transfer of wealth from savings into property. With people living for longer, it seems logical that it might therefore create more need for them to dip back into their property wealth at a later date to sustain themselves in retirement.

6 Analysis of Nationwide UK house prices since 1952 by Stewart Robertson, senior economist at Aviva Investors, shows residential housing has increased in value by an average of 7.70% per annum from 1953 to 2016, and by 4.90% per annum in the last 25 years

- Growing demand for lending into retirement is inevitable
  The same demographic trends may also mean the concept of mortgage freedom becomes less relevant in future, with more people potentially transitioning directly from residential to lifetime mortgages without ever owning 100% of their property or having a period where they are mortgage free before borrowing again in later life. Our analysis suggests 16% of over-45 homeowners today expect they will need to borrow in later life, with half doing so to remain in their current homes. Government estimates point to over-65s rising from 18% of the UK population to 25% by 2045[7]: this alone will create extra demand, accelerated by financial pressures caused by high house price to income ratios. The UK's financial services sector will need to focus on easing people's transition from work into retirement, and continued growth in the lifetime mortgage market will help to meet this challenge.

- Property will be at the heart of the intergenerational debate
  In her first speech as Prime Minister on the steps of Number 10 Downing Street, Theresa May chose to say: "If you're young you'll find it harder than ever before to own your new home." Our research supports this insight. Among our starkest findings is the fact that almost half of over-45 homeowners believe younger relatives have no chance whatsoever of getting on the housing ladder without family support. This is among the factors giving rise to living inheritances as an alternative to a traditional bequest. Many over-45 homeowners have already used their savings to help relatives become first-time buyers, which may again put pressure on pensions when it comes to lasting for the duration of retirement. However, downsizing or lifetime mortgages could become more attractive in future as options for intergenerational wealth transfer, rather than the tradition of leaving behind the family home.

- Pensions can't be forgotten when there is not enough property to go around
  The overriding sense is that there is not enough house to go round to tick every financial box, while also preserving people's deep emotional attachment to their homes. The power of the pension must therefore not be forgotten. It continues to be seen as the best means of investing in our retirement. Nevertheless, the next generation of homeowners – without the benefit of final salary pensions – is likely to face greater financial pressure to use their property to support their retirement. There are already signs that more in the 45-54 age bracket are thinking this way. People must be helped to adapt to this new way of thinking, and retiring.

With multiple needs to address – including but not limited to retirement income, funding care and helping children and grandchildren get on the property ladder – housing wealth alone is unlikely to provide a definite answer to every need in later life while also providing a place to call home. Nevertheless, property looks like playing a considerable role in a 'blended' approach to retirement funding that is already starting to emerge.

What about tomorrow's retirees?

Today's changing shape of retirement and today's changing use of property may be a sign of greater change to come. Many of those on the housing ladder have benefited from rising prices – on average, house prices have increased by 7% per year since 1980. Those not on the housing ladder, however, face a first step that has become higher and higher. This has resulted in decline in the number of homeowners amongst the young. In 1991, 67% of the 25 to 34 age group were homeowners. By the financial year ending 2014, this had nearly halved to 36%[8].

Today, we appear to be transitioning from a time when pensions alone were the backbone of people's retirement plans, to a time when pensions plus property will be core. The demise of final salary pensions and the decline of property ownership raise questions about tomorrow's retirees. But, for now at least, these are questions for another day.

7 Office for National Statistics, mid-2014 based population projections

8 Office for National Statistics, UK Perspectives 2016: Housing and home ownership in the UK, http://visual.ons.gov.uk/uk-perspectives-2016-housing-and-home-ownership-in-the-uk/

Aviva Real Retirement Report: **over-55s quarterly index**

Quick read

- A post-EU referendum poll shows a rise in concern about over-55s' financial futures following the UK's decision to leave
- Prior to the vote, Aviva's tracker shows incomes dropped for a second successive quarter in Q2 as fewer over-55s benefit from investments and savings
- Almost one in three (30%) mortgaged homeowners are saving nothing each month
- Unsecured debt rises for a third quarter as debt becomes more concentrated
- Just 36% of unretired over-55s have started their retirement planning – the lowest in two years
- Appetite grows for taking a pension lump sum – with 24% of mortgaged owners tempted by the idea of using this to pay off their loan

Aviva's tracker of over-55s' finances, which has run since 2010, shows confidence in the UK economy dropped to its lowest point in the first half of 2016 since this measure was first introduced two years ago. Ahead of the referendum on the UK's European Union (EU) membership, just 29% of over-55s in both Q1 and Q2 2016 felt confident in the UK economy over the next 12 months, compared with a previous low of 36% (Q4 2015).

A separate poll of over-55s which Aviva carried out one week after the 'leave' result was announced shows that while fewer than one in five (19%) felt concerned about their future finances before the referendum took place, the prospects of 'Brexit' mean that has now risen to one in four (25%).

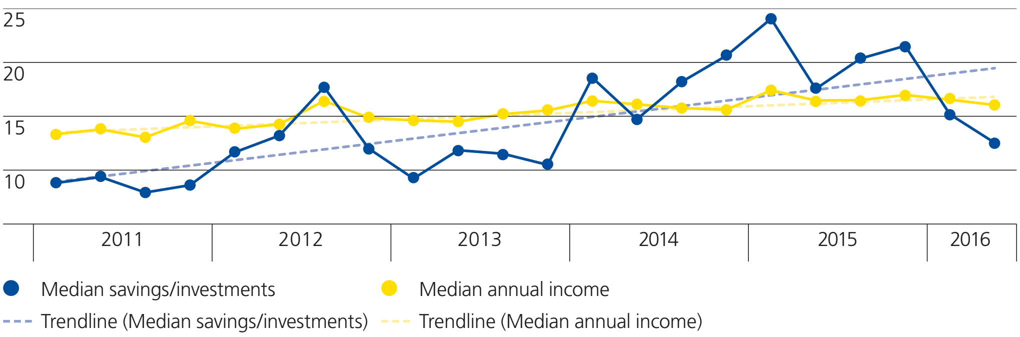
Income and savings

The typical over-55 saw their monthly income fall for a second successive quarter to £1,341 in Q2 2016, down 3% from Q1 (£1,382). Despite this, Aviva's data shows that over a longer period, over-55s' incomes have risen 11% in the three years since Q2 2013.

The fall during Q2 2016 appears linked to a drop in the percentage of over-55s receiving an income from investments or savings after a turbulent period in the financial markets, which have since been shaken again by the UK's vote to leave the EU. Just 25% received an income from savings and investments in Q2, down from 29% a year earlier to the lowest level since Q4 2013 (24%).

In another sign of financial pressures, the 12% of over-55s with no non-pension savings and investments in Q2 2016 was the highest proportion in almost three years, since Q3 2013 (13%). Alongside falling incomes, the typical savings and investment pot among over-55s also fell for a second successive quarter to reach £12,590: down 28% from £17,590 in Q2 2015.

Comparing over-55s' typical annual income and non-pension savings/investment pot
£000



> The percentage of over-55s whose savings include a tax free lump sum from their pension reached its highest level of 16% since Aviva started tracking the data in Q2 2014

Fewer over-55s had savings from money accrued through a range of investments or bonds in Q2 (29%, down from 34% in Q1) and fewer had savings from an inheritance (16%, down from 19% in Q1). In contrast, there was a rise in the percentage whose savings included a tax free lump sum from their pension savings, which reached 16%. This was the highest since Aviva began tracking this two years ago in Q2 2014: a trend that is likely to be a result of the launch of 'pension freedoms' in April 2015.

The typical over-55 saved or invested approximately £50 per month for a third successive quarter in Q2 2016 and was unchanged year-on-year. However, the percentage of people not saving or investing each month crept up to 27%, from 26% both in the previous quarter and Q2 2015. Nevertheless, it remains an improvement on the 30%+ that was normal from 2011 through to Q3 2013.

While income and savings fell, monthly spending in Q2 also dropped for a second successive quarter to £774

Over-55s who do not own their own home are almost twice as likely not to save each month than those who do (40% vs. 23%)

Monthly spending

Monthly outgoings dropped for a second successive quarter to £774 in Q2 2016, which was the lowest seen since Q3 2014 (£754). It suggests that with debt levels rising while incomes and savings drop back, over-55s may be looking to tighten their belts where they can.

Essential spending on food (-4%), motoring (-9%) and fuel and light (-10%) all fell between Q1 and Q2 2016, as did spending on furniture, appliances and pet care (-8%) and spending on entertainment, recreation and holidays (-8%). In line with rising debt levels, monthly debt repayments were up by 7% over the same period.

Personal finances and homeownership

Comparing the fortunes of over-55 homeowners and non-homeowners, Aviva's data shows the former have higher incomes but similar monthly outgoings, which has a clear knock-on effect on savings levels. Almost one in three (32%) non-homeowners have no non-pension savings or investments, compared with just 5% of homeowners, and they are almost twice as likely not to save each month (40% vs. 23%) – contributing to much smaller savings and investment pots.

Mortgaged homeowners have higher incomes than outright owners, which is likely due to them still working. However, their monthly spending is almost twice as high, leaving them with a savings and investment pot worth just 13% of the typical over-55 outright owner's (£5,284 vs. £41,075). Almost one in three (30%) mortgaged owners do not save each month and one in six (14%) have no non-pension savings and investments.

Comparing homeownership among over-55s with income, spending and savings

	All over-55s	Homeowners	Non-homeowners	Outright owners	Mortgaged owners
Income	£1,341	£1,494	£864	£1,438	£1,677
Spending	£774	£788	£732	£678	£1,139
Savings	£12,590	£30,681	£457	£41,075	£5,284
Average monthly savings	£50	£86	£5	£100	£39
% with no savings	12	5	32	2	14
% not saving each month	27	23	40	20	30

Property and mortgages

The average value of homes owned by over-55s dipped to £264,457 in Q2 from £268,827 a year earlier, although this could be influenced by perceptions of a dip in the property market following the rush to beat stamp duty changes for buy-to-let borrowers and second homeowners in April 2016, as well as pre- referendum uncertainty.

Aviva's data suggests over-55s' homes have gained 4% in value over the last two years and 18% over the last five years. Both figures are modest compared with national house price trends, which may be a sign that – having moved infrequently and lived in their current home for decades on average – many over-55s underestimate their properties' value in today's market, a conclusion supported by an Equity Release Council study in 2015[9].

Average mortgage debt among over-55 homeowners has fallen slightly (3%) over the last year from £61,897 to £60,106. Even though the average mortgaged over-55 home is worth less (£250,345) than the average home among outright owners (£268,889), this still leaves those who are mortgaged with an average loan-to-value (LTV) of 24% and equity of £190,239 in their home.

“Over-55s who are not yet mortgage free still have an average of around £190,000 of equity in their homes

Over-55s' average property value and mortgage debt
£

	Q2 2011	Q2 2014	Q2 2015	Q2 2016
Average value of property owned (all)	223,874	253,322	268,827	264,457
Average value of mortgage	61,370	63,234	61,897	60,106

Just under one in ten (9%) over-55s owned some form of second property in Q2 2016, including second homes, BTL properties, holiday homes or timeshares. This was down from 11% between Q3 2015 and Q1 2016, and compares to a high of 13% in Q3 2012.

9 Equity Release Council, Over-55 homeowners underestimate property wealth by £90,000, December 2015: http://www.equityreleasecouncil.com/news/over-55-homeowners-underestimate-property-wealth-by-200000/

Unsecured debt

Over the past five years, Aviva's tracking data shows the average amount borrowed by over-55s has fallen across most types of borrowing, with the exception of credit cards and hire purchase. However, the last year has seen the average amount owed on credit cards as well as to family members or friends and doorstep lenders increase.

Average amount owed by over-55s
£

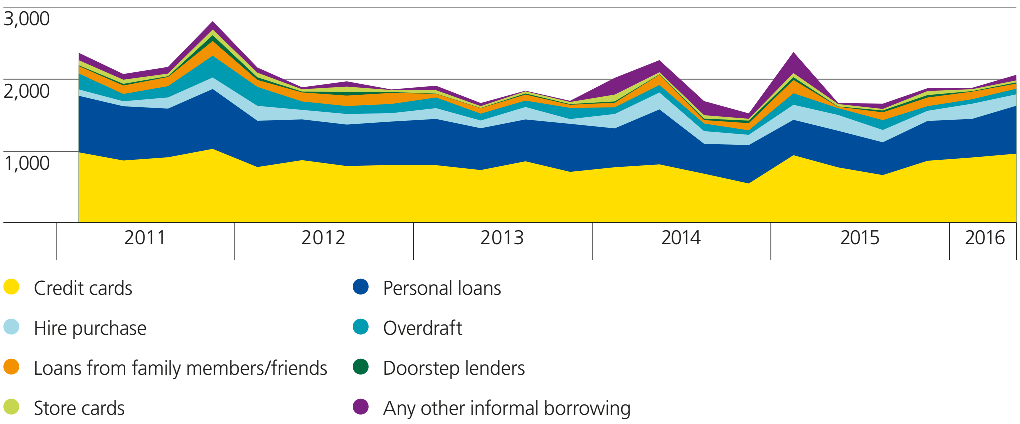
	Q2 2011	Q2 2015	Q2 2016
Credit cards	871	775	967
Personal loans	755	509	668
Hire purchase	70	221	159
Overdraft	101	94	78
Loans from family/friends	118	20	71
Doorstep lenders	23	4	16
Store cards	58	34	29
Any other informal borrowing	79	15	78

> In Q2, the average amount owed by over-55s rose for the third successive quarter to £2,067

Overall, the total amount of debt has now risen for three successive quarters from £1,662 in Q3 2015 to £2,067 in Q2 2016. This is almost exactly the level of aggregate household debt among over-55s seen five years ago in Q2 2011 (£2,075). However, Aviva's data suggests that debt has become more concentrated over that period, potentially leaving some over-55s households more heavily exposed.

The 64% of over-55s who owed nothing on a credit card in Q2 2011 has risen to 67% now; the percentage owing nothing on a personal loan has risen from 80% to 88%; while those without an overdraft balance have risen from 84% to 90%. This is good news for those who have unburdened themselves, but not for those who still are left carrying a similar aggregate level of debt.

Average aggregate debt levels among over-55s – Q1 2011 to Q2 2016
£



Threats to living standards and expectations of retirement

With the external environment in Q2 2016 dominated by speculation over the outcome of the EU referendum, 45% of over-55s identified rising living costs as a threat to their living standards over the next five years: the highest percentage since Q4 2014. Aviva's poll of over-55s following the Brexit vote suggests this may increase in future quarters. Similarly, there was evidence of growing concern in Q2 before the referendum over the threat of rising inflation and the state of the economy, with 28% registering this concern compared with 22% in Q1 2016.

Asked about their hopes for retirement, Q2 saw a leap in the percentage of unretired over-55s who were most looking forward to having more time to do what they want, with almost 65% relishing this thought: up from 59% in Q1 to the highest point since Aviva began tracking this question two years ago.

Just 36% of unretired over-55s had started planning their retirement in Q2 2016, the lowest percentage in two years

However, there were also hints of some people putting their retirement plans on hold. Just 36% of unretired over-55s said they had started their retirement planning in Q2 2016, the lowest percentage in the last two years.

The biggest decision facing them continues to be how to make the most of retirement finances so they have enough money to last: 63% rate this as the most important choice, more than those who are concerned about maintaining their health (59%) once they retire. With fewer still (31%) placing the same importance on deciding to stay in their current home or move to a new property, it suggests finances are the defining concern when people transition into retirement.

The most important personal choices faced by unretired over-55s to ensure a happy retirement
%

How to make the most of my retirement finances so I have enough money to fund the remainder of my life	63
How to maintain my health through diet and exercise	59
Which hobbies and interests to pursue in retirement	34
Whether to stay in my current home or move to a new property	31
Whether to move overseas	13
To move closer to my family and spend more time with them	6
Other	3

Budgeting their money has been the most difficult aspect of retirement for retired over-55s, shared by one in four (25%)

The importance of over-55s getting their finances right is borne out by the experiences of the retired. For one in four (25%) in Q2 2016, budgeting their money has been the most difficult aspect of their retirement so far, making it their most common concern.

However, asked what worries them about getting old, financial concerns pale alongside health in later life: 23% worry most about ill health and growing old, while 21% worry about losing their mental faculties. Another 16% worry about being dependent on other people – another reminder of the desire for independence in retirement. With 9% worried most about death, the biggest fear for 7% of over-55s is needing to go into a care home, both in terms of the cost and the experience.

88% of over-55s are now aware of pension freedoms, compared with 78% two years ago

Pension freedoms

Aviva has also been tracking awareness and attitudes to the 'pension freedoms' since the Government reforms were first unveiled in the March 2014 Budget. The Q2 2016 data shows awareness remains high, with 88% of over-55s aware now compared with 78% two years ago, although this has dropped slightly from 90% during much of 2015 (excluding Q3) when the freedoms went 'live' in April.

Although 46% of unretired over-55s see no advantage to them arising from the pension freedoms, this is the lowest figure in the two years Aviva has been monitoring this. It suggests more people are tuning into the potential benefits of flexible access to their pension savings.

In particular, there is growing enthusiasm for having some spending money before or during retirement for personal interests, such as hobbies and travel: 26% now see this as a potential benefit, up from 16% a year ago. More people also have an appetite for paying for home improvements, supplementing their retirement income or supplementing their income while they still work than was the case a year ago.

On the other hand, just 7% of unretired over-55s are interested in using a pension lump sum to pay off a mortgage, unchanged year-on-year and down from 14% two years ago. However, 24% of mortgaged homeowners think they might benefit from using a lump sum to pay off their loan – making this the number one attraction of the pension freedoms for this group.

What are the potential benefits to you of being able to take your pension savings as a lump sum?
%

	Q2 2014	Q2 2015	Q2 2016
I don't see any advantages	49	58	46
To have some spending money before I retire or during retirement for my personal interests, such as hobbies and travelling	19	16	26
To supplement my income in retirement	23	16	19
To supplement my income while I still work	12	8	14
To pay off my mortgage	14	7	7
To pay off my debts such as credit cards	8	9	11
To pay for house improvements	7	7	10
To give some money to my family (such as my children) as early inheritance	7	6	8

Almost a third (32%) don't know whether their retirement plans might be affected by the extra flexibility offered by the pension freedoms

Mirroring over-55s' general concerns about making their money last in retirement, 13% who are yet to retire feel more anxious about this as a direct result of the pension freedoms, up from 10% a year ago. Many are also uncertain about their options: just 12% feel their retirement plans might be affected by the extra flexibility offered by the pension freedoms, yet almost a third (32%) don't know.

Among those whose plans have changed, there is growing appetite for taking some savings as a lump sum while leaving some to fund retirement (53% want to do so, up from 34% a year ago) and accessing some or all of their pension savings as soon as possible (37% want to do so, up from 31% a year ago). In contrast, just 11% in Q2 2016 said they will consider the flexible options available, but still want a guaranteed income in retirement such as an annuity – down from 28% in Q2 2015.

Expert view →

"The UK is entering uncharted territory after the EU referendum, and our data points to a rise in uncertainty among over-55s about their financial futures with the biggest impact on 65-74s. Many of this group are likely to be entering into the first phase of their retirement, which is a crucial time for decision making. Prior to the vote, there were already signs of increased pressure on over-55s' incomes and savings. This may be a result of people entering later life with less financial security than previous generations. Budgeting effectively and making money last continue to stand out as people's defining concerns when it comes to retirement planning."

Alistair McQueen
Savings and Retirement Manager, Aviva

Methodology

The Real Retirement Report is designed and produced by Aviva in consultation with ICM Research and Instinctif Partners. The Real Retirement tracking series referenced within this report has been running since 2010 and totals 24,791 interviews among the population over the age of 55 years, including 1,193 in May 2016 for the latest wave of tracking data (Q2 2016).

This edition's spotlight on over-45 homeowners examines data from 1,127 owner-occupiers or mortgaged owners in this age bracket, who were interviewed at the same time. For the tracker, a further poll of 737 over-55s was carried out one week after the UK's referendum decision on its EU membership to see how confidence in people's financial futures was affected by the vote to leave.

Technical notes

- A median is described as the numeric value separating the upper half of a sample, a population, or a probability distribution, from the lower half. Thus for this report, the median is the person who is the utter middle of a sample. All figures in this report are medians unless otherwise specified and are referred to as 'typical' rather than 'average' (mean).
- A mean is a single value that is derived by adding all the values on a list together and then dividing by the number of items on said list. This can be skewed by particularly high or low values.
- Percentages displayed in tables may not always add up to 100% due to rounding.

For further information on the report or for a comment, please contact Fiona Whytock at the Aviva Press Office on 01904 452659 or fiona.whytock@aviva.com

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