



RETIREMENT RISK INDEX



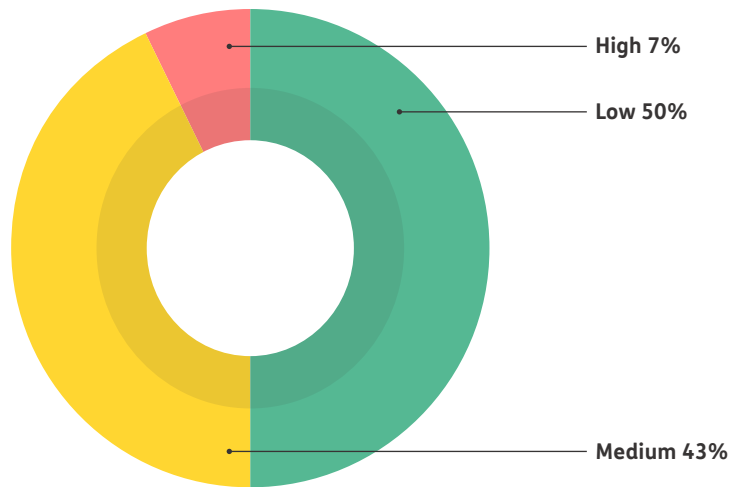
How over-40s in the UK
think about financial
choices at retirement

JUST.

We asked more than 2,000 adults aged 40+ from around the UK some questions to gauge their understanding of longevity, the level of State support they can expect to receive in retirement and attitudes towards accessing and spending private pension savings. Here's a snapshot of what we found out.

The overwhelming majority of people fell into the low or medium risk categories, with only 7% classed as 'at risk' of making poor retirement financial decisions. To fall into the high risk category respondents had to show poor or no understanding of longevity and State Pension provision, combined with potentially extravagant spending plans.

Overall risk profiles



Longevity knowledge - how long do you think you will live?



Estimation

- Not sure
- Underestimated ten years or more
- Underestimated 6 to 10 years
- Underestimated by 1 to 6 years
- Within a year of ONS life expectancy
- Overestimated by 1 to 6 years
- Overestimated by 6 to 10 years
- Overestimated by ten years or more



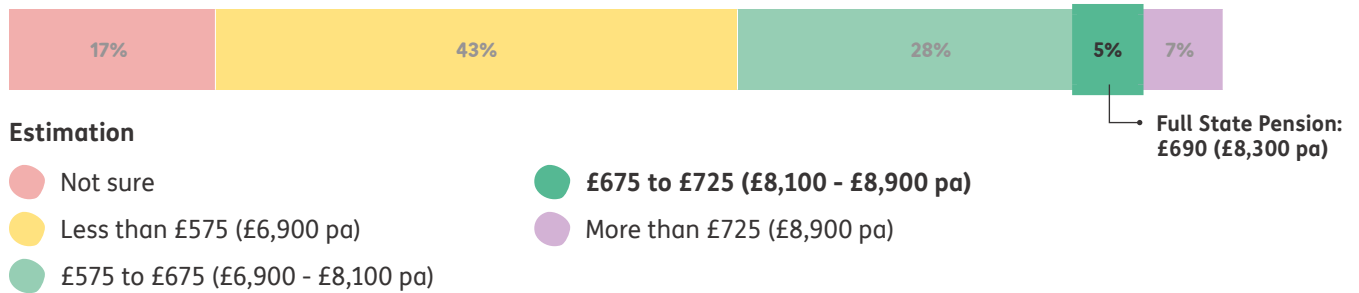
GENERATION X MOST AT RISK

Those in the Generation X cohort – born between the mid-Sixties and early Eighties – underestimate their longevity by about a decade. Men aged 40-54 expected to live on average to age 78.6 whereas government projections¹ suggest it is likely to be closer to 87.5. Women of the same age expected to live to age 80.5 whereas the projections show it is likely to be closer to 90.1. With nearly a million members of Generation X set to arrive at age 55 every year for the next decade or so they will face important decisions about when and how to use their pension savings. Securing good outcomes will be difficult unless retirees have a realistic idea of how long they are likely to live.

The longevity estimates are based on ONS life expectancies for how long, on average, people can expect to live using estimates of the population and the number of deaths.

¹ [ONS Life tables](#), principal projection, United Kingdom.

State Pension knowledge - how much is the current State Pension per month?



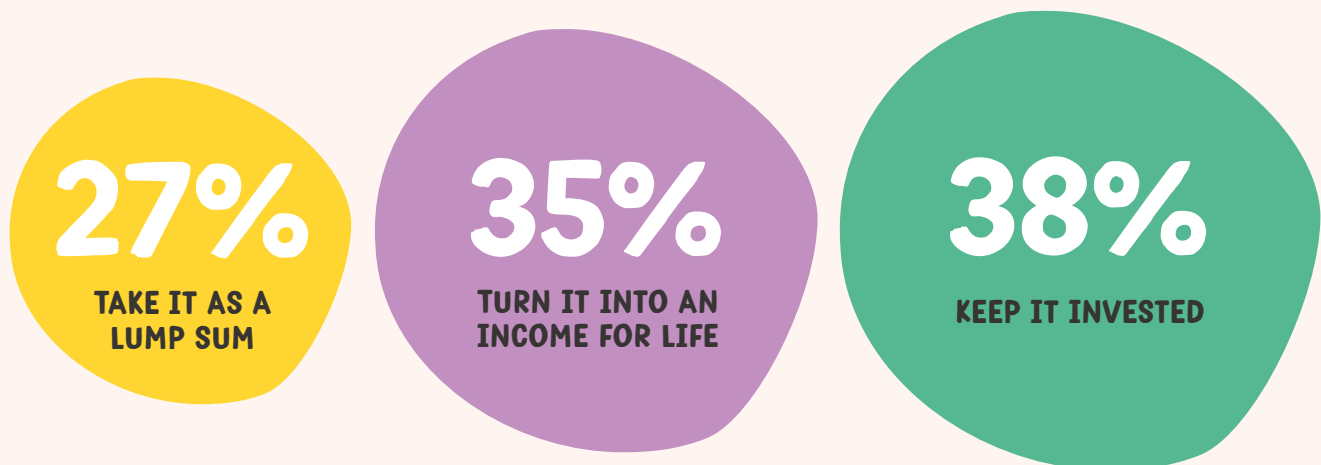
INCOME AND EXPENDITURE – A TRICKY BALANCE

Seven in ten over-40s underestimated the amount of the full State Pension, compared to the actual amount of just over £690 a month, or £8,300 a year (2017/2018). Those aged 40-64 underestimated the amount by £120 a month (£1,500 per year) on average, while nearly one in five said they did not know what they expected to receive.

When we asked about expected expenditure in retirement those aged 40-64 on average estimated that if they were to retire today their spending would be £870 per month (£10,400 per year), compared to the latest Joseph Rowntree Minimum Income Standard of £850 a month (£10,200 per year) for an adequate retirement.

In an environment where people are expected to take a large amount of responsibility for their pension decisions people will need a realistic understanding of both the income they will need in retirement and how much they can expect to receive from various pension sources.

Financial behaviour - how will you use your own pension?



FINANCIAL BEHAVIOUR

When filtered by age, the youngest respondents (those aged 40-44) and those just below age 55 (the age at which pension freedom options open) were the most likely to be 'at risk'. This is based on their responses to our questions which indicated they were more likely to access pension cash early and not use it for income in retirement. When we looked only at the group who said they would fully cash in their pension savings at age 55, the number of people 'at risk' doubled to 14%.

CONCLUSIONS

Our research set out to track how susceptible people are to making poor financial decisions in three key areas of “retirement readiness”, based on their financial knowledge or attitude.

The starting point was to assess people’s understanding of three retirement basics.

- 1 How long am I likely to need to need pension income?**
- 2 How much of what I need will the State Pension provide?**
- 3 How do I balance the flexibility I want from my private pension with the income I will need?**

On the positive side, half (50%) could be considered ‘low risk’. They had a reasonable idea of likely life expectancy for their age group, a fairly good grasp of the amount of State Pension they might receive, and a clear understanding that the purpose of pension cash was to help meet their spending needs in retirement.

Less happily, 43% are rated ‘medium risk’ because they lacked understanding of some of the key elements. The remaining 7% are ‘high risk’ of missing out on good retirement outcomes based on their current knowledge or attitude.

With the responsibility now on individuals to balance the pension flexibility they want with the pension income they need, sound knowledge, coupled with some impartial help are increasingly important to increase the probability of attaining good outcomes.

This index is intended to help track how well over-40s in the UK understand the retirement basics and how many might be ‘at risk’ of making poor decisions about how to use their pension savings.

Optimistically, it’s possible these will be the worst set of figures we ever see. After the upheaval following the introduction of ‘freedom and choice’ we should expect things to settle down. As peoples’ awareness develops from greater take-up of Pension Wise we should see more people making better informed decisions. That’s what we want to see so it will be interesting to track progress in the future.

Research conducted on behalf of Just Group by Opinion Matters from 5-12 March 2018, among a sample of 2,102 UK adults aged 40+

For media enquiries please contact:

Stephen Lowe
Group Communications Director
Tel: +44 (0) 17 3782 7301
Email: press.office@wearejust.co.uk

Lucy Grubb
Head of Media and PR
Tel: +44 (0) 17 3730 8783
Email: press.office@wearejust.co.uk

Temple Bar Advisory
Media & Investor Relations
Tel: +44 (0) 20 7002 1080

Justgroupplc.co.uk
WeAreJust.co.uk
JustAdviser.com

 @WeAreJustUK
@Just_Adviser
@WeareJust_PR

 @WeAreJustUK

 Just Group plc

Just is a trading name of Just Retirement Limited (“JRL”), Just Retirement Money Limited (“JRML”), Partnership Life Assurance Company Limited (“PLACL”) and Partnership Home Loans Limited (“PHLL”) which are subsidiary companies of Just Group plc. JRL is registered in England and Wales, with company number 05017193. JRML is registered in England and Wales, with company number 09415215. The registered office for both JRL and JRML is Vale House, Roebuck Close, Bancroft Road, Reigate, Surrey, RH2 7RU. PLACL is registered in England and Wales, with company number 05465261. PHLL is registered in England and Wales, with company number 05108846. The registered office for both PLACL and PHLL is 5th floor, 110 Bishopsgate, London EC2N 4AY. JRL and PLACL are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JRML and PHLL are authorised and regulated by the Financial Conduct Authority. Calls may be monitored and recorded, and call charges may apply.