Slipping between the cracks?

Retirement income prospects for Generation X

Finance and wealth
Pensions
Life expectancy
Savings
Advice
Personal finance
Inequalities
Retirement

Acknowledgements

This report has been generously supported by Phoenix Group.

The authors would like to thank Jackie Wells, who has acted as an adviser throughout the project, Kate Jopling and Li Webster for their editorial support, and Tony Zeilinger for his guidance.

We would also like to thank everyone who participated in our panel discussions and all those who provided guidance and feedback on our policy suggestions.

PHOENIX GROUP

An independent ILC report, produced with the support of Phoenix Group, an ILC Partner.

Authors: Sophia Dimitriadis, Patrick Swain and Professor Les Mayhew

Summary

Why Generation X?

Generation X (Gen X or Gen Xers), born between 1965 and 1980, have lived their adult lives during a period of significant social and economic change. They have also seen significant policy and attitude changes relating to retirement and pensions.

Our analysis finds that many Gen Xers are ill-prepared for later life. Nearly **one in three (30%) risk reaching retirement with inadequate incomes.**[a] Nearly half (46%) have defined contribution (DC) pensions – but the majority aren't contributing enough to these.

More worryingly, **some are sleep-walking towards financial hardship in retirement** – unaware that they're saving too little to achieve the level of income they desire, or relying on forms of income (such as inheritance or downsizing) that may not materialise. One in five Gen Xers who expect their lifestyles to continue or improve upon retirement are barely saving enough to achieve the minimum income they'll need.[b]

Gen X is an extremely diverse cohort. Some are well prepared for retirement – including a number of the 44% who have defined benefit (DB) pensions to look forward to. However, **some sub-groups of Gen X are at particular risk of financial difficulty in later life.** These include

- those on benefits;
- the unemployed;
- renters;
- those whose (poor) health limits their ability to work;
- those with relatively low incomes and education levels;
- the self-employed;
- those who've taken a career break;
- those who do not have British nationality; and
- carers.

[a]ILC calculations and analysis using YouGov survey data (13 - 24 November 2020).
[b]Ibid.

The majority of Gen Xers (57%) want to save more for retirement, but are struggling to do so in the face of other financial priorities.

Housing costs (including mortgages or rent), debt, low wages, and/or barriers to work (such as poor health and caring responsibilities) are all hindering many Gen Xers' ability to save. Fluctuations in income and outgoings are also a barrier – particularly for those on low wages and in self-employment. These competing priorities also create psychological constraints, with many Gen Xers saying that they feel too overwhelmed to think about retirement.

However, **low motivation to save** and a **lack of information about retirement savings** are also key barriers. 39% of Gen Xers don't feel confident about planning for retirement and few understand basic rules of thumb about the levels of saving needed to achieve a good income in retirement.

The COVID-19 pandemic has hit Gen Xers' ability to save – with **20% now saving less or spending their savings as a result.** However, some have been prompted to think about the future more during this period.

Many will rely on working for longer to compensate for lower savings, but poor health, caring responsibilities and age discrimination continue to be a barrier for many older workers; 32% of Gen Xers say that they're not confident they'll be able to work for as long as they need.

Key barriers to saving for the most disadvantaged groups among Gen X include

- high rental costs, and the high costs of deposits required for home ownership;
- the challenges of combining work with care;
- being limited in the ability to work due to poor health;
- lack of secure employment; and
- poor access to training.

What needs to be done

These challenges require structural solutions beyond the scope of the pensions system. **Addressing barriers to working longer will be a particular priority to help the Gen Xers who will need to do so.**

However, there are also changes we can make that will help more Gen Xers to save. The introduction of auto-enrolment (AE) for workplace pensions has significantly boosted savings rates, including those of Gen X. However, those rates remain too low to secure the level of income most Gen Xers aspire to during their retirements. To support Gen Xers we need to **build on the success of AE** and the lessons learnt around the use of defaults to overcome savings inertia.

While some will not reach the State Pension Age (SPA) for 28 years, others **will become eligible in just over a decade**. The time to act is now.

We recommend a range of actions for Government

To meet the immediate need to increase levels of saving among Gen X:

- Develop a mechanism (with opt-out options) for auto-escalation of employee contributions to be applied at the point of pay increases with immediate effect, and commit to phasing in matched employer contributions.
- Set out a timetable to increase current default AE contribution rates, incorporating both employer and employee contributions.
- Increase access to 'sidecar' savings vehicles, in particular by enabling employees to use sidecars alongside workplace pensions and to make contributions directly from their salaries.
- Work with mortgage providers and the student loan company to introduce 'nudges' that will encourage those who pay off these debts to start saving into a pension.
- Formalise simple rules of thumb to describe the saving levels required to achieve different levels of income in retirement, so that people can understand their pension savings and what they can deliver; incorporate these into the Pensions Dashboard.
- Encourage more employers to offer mid-life MOTs and require pension providers to offer mid-life pension education interventions.
- Increase the upper age limit for opening a Lifetime Savings Account (LISA) from 40 to 55, remove the age limit for contributions, and increase the value of the Government top-up.

To enable more of Gen X to work for longer:

- Require employers to make all jobs flexible by default so that employees can alter their working patterns throughout their lives.
- Provide new guidance to ensure that those with acquired disabilities can use Government Access to Work funds and that employers are aware of the requirements to make reasonable adjustments for them.
- Review the mechanisms for enforcement of discrimination law, including allowing tribunals to consider cases of multiple types of discrimination involving age and other protected characteristics.
- Provide targeted back-to-work support to prevent unemployed workers aged 40 and over being left behind during the pandemic, making full use of training opportunities for those on Universal Credit (UC).

To address the needs of particularly disadvantaged groups:

For renters and first-time buyers:

- Develop a new opt-in tax-incentivised savings vehicle, available to all employees through AE, to allow first-time buyers to save for a housing deposit via regular contributions from earnings *before tax*, while also contributing to a pension.
- Review the system of setting fair rents, with rent increases limited to inflation except on appeal.

For low earners:

- Remove the Lower Earnings Limit (LEL) for AE contributions, so that employer contributions start from the first pound earned.
- Explore ways to auto-enrol employees earning below the AE earnings threshold into a sidecar savings vehicle linked to a pension, which receives the same benefits as a conventional AE scheme.

For the self-employed:

- Explore mechanisms for extending AE to self-employed adults – potentially via the tax system – with an option to save into either a traditional pension or a sidecar savings vehicle.

For carers:

- Make all employment 'flexible by default' and introduce further rights for carers as pledged in the 2017 Conservative manifesto.
- Introduce a right to 10 days of paid carers' leave, with a longer unpaid leave period of up to six months.
- Review the scope for creating a more level playing field in terms of financial support for carers who want to work, regardless of the age of the person for whom they care.

For people from minority ethnic communities:

- Explore ways to increase the awareness of Pensions Wise guidance, especially for those from minority ethnic communities, and continue trials to increase uptake.

A full list of recommendations can be found at the end of this report.

Contents

Key terms and definitions

Term	Information
Automatic Enrolment (AE)	The scheme through which all employers are required to automatically enrol certain workers into a pension scheme and make contributions, unless those workers choose to opt out. Around 10 million workers have been auto-enrolled into a workplace pension since 2012; fewer than 10% of those eligible have opted out[1] (however more than 9 million are not in any scheme).[2]
Baby Boomers	People born between 1946 and 1964.
Gen X	People born between 1965 and 1980.
Millennials/Gen Y	People born between 1981 and 1996.
Gen Z	People born between 1997 and 2012/2015.
Active pension	A pension where contributions are still being made.
Deferred pension	A pension that you delay taking until later in life.
Defined Benefit (DB)	A pension scheme through which the employee and employer contribute, leading to a retirement income based on the employee's salary and length of service – usually based on 'earning' a proportion of either the employee's final salary or career average salary.
Defined Contribution (DC)	A scheme though which the employee and (in most cases) employer make fixed contributions to a pension pot based on earnings, which can be used to purchase an annuity in retirement, but which does not guarantee a specific income.
Healthy Life Expectancy (HLE)	Average number of years that an individual can expect to live in full health, taking into account years lived in less than full health due to disease and/or injury.
A long-term limiting health condition	Any long-term illness, health problem or disability, which limits one's daily activities and for which there is currently no cure.

The State Pension Age (SPA)	The earliest age at which an individual can start receiving their state pension.
The pension freedoms	A set of measures introduced in the UK in 2015 to allow people over the age of 55 greater flexibility in how they access their DC pension pots, and around how these pots can be used. The freedoms removed the requirement to use pension pots to purchase an annuity.
Workplace pension scheme or workplace pension	Pension schemes set up by employers to provide their employees with retirement benefits.
Group Personal Pension (GPP)/ Group Stakeholder Pension (GSP)	An arrangement made for the employees of a particular employer, or group of employers, to participate in a personal pension/stakeholder pension on a group basis. Both GPPs and a GSPs are types of workplace pensions. Each pension contract is between the individual and the pension provider.
Private pension/ Personal pension	A pension that an individual sets up (rather than their employer) to save money for retirement, usually a DC pension.
Qualifying earnings	The name given to a band of earnings used to calculate contributions for AE. For the 2020/21 tax year this band is between £6,240 and £50,000 per year. The Government reviews the band each year.
Savings inertia	The general tendency not to make proactive choices in relation to savings, but to go along with existing defaults. AE has demonstrated that savings inertia can be overcome by adjusting defaults to make it an active choice not to save.

Introduction

Setting the scene

Since the introduction of AE in 2012, over 10.2 million people have started contributing to a workplace pension, where the annual total amount saved for eligible employees exceeded £90 billion in 2019.[3]

The AE system – first recommended by the Pensions Commission in 2005 – has ensured that millions more workers save towards their retirement.

In part a response to the shift from DB to DC schemes, AE has fundamentally shifted the way people save for retirement. The changes recommended were only one element of wider changes to the landscape of pensions and later life financing, as described in Box 1.

Box 1: The UK pension landscape post-2000

The UK pension system has long been based on multi-pillar provision, including a universal state pension, workplace pension schemes, and private pensions.

But by the early 2000s, inefficiencies in the pension system, coupled with increased regulation and rising longevity, were creating significant pressure on this system, leading to increases in pensioner poverty.

Traditional DB pensions, generally based on final salary levels, were in long-term decline and being closed to new entrants, especially in the private sector. People were not saving enough for their pensions. The DC schemes that replaced DB ones were less generous – and in addition many had no workplace or private pension at all.

The Pensions Commission was established in 2004 to resolve these structural inefficiencies and create a system more fit for the socioeconomic and demographic challenges that lay ahead.

The Commission identified a range of solutions, including improving and simplifying the state pension, introducing AE to workplace pensions, and encouraging people to work for longer through abolition of the default retirement age, coupled with a higher SPA.

In 2008 the Government created legislation for periodically reviewing and increasing the SPA. This currently stands at 66 for both men and women.

Since the Commission's report in 2005, reforms have continued, with further changes to simplify the state pension and actions around pension scheme governance and the level and transparency of pension scheme charges.

From April 2015, the Government introduced new pension freedoms, allowing people aged 55 and above to access their DC pension pots without buying an annuity.

In the UK, Generation X – those ranging in age from 40 to 55 – will, on average, reach retirement with lower levels of DB entitlement than the Baby Boomer generation. This cohort – particularly older Gen Xers – will only partly benefit from the introduction of AE, as it occurred mid-way through their working lives.[4] However, they will benefit from the abolition of the default retirement age.

A range of different social and economic circumstances also challenge their ability to save for retirement: these include stagnating wages, uncertain career paths, insecure incomes, and a growing need to provide care.

As this is a heterogeneous group of 13.8 million people[5] defined entirely by age, there are considerable intra-cohort differences, resulting in significant differences in the challenges different Gen Xers face in preparing for retirement. Some of these challenges, such as problems getting on the housing ladder, or paying off student debt, are mainly the preserve of younger Gen Xers, while older individuals have had fewer working years to benefit from AE although they're more likely to have had access to DB pensions.

This generation is at a lower risk of having an inadequate income in retirement than Millennials but still, one in three Gen Xers are at high risk of pension inadequacy – that's a higher number than for Baby Boomers. They will also have less time than Millennials to remedy any financial shortfalls they face.[6]

While improved pensions will not be a blanket panacea for the financial issues Gen Xers face, improving levels of pensions savings could make a significant difference.

Aims of this report

This report primarily examines whether Gen X is prepared for retirement, but the changes we propose will also benefit the generations that follow. We consider the competing demands on Gen Xers' personal and household budgets, the barriers to saving for an adequate retirement income that they face (including the impact of poor health), and the opportunities we have to improve their situation.

To do this, the report draws on our analysis of a nationally representative YouGov survey of 6,035 Gen Xers, carried out between 13 and 24 November 2020.[c] We supplemented this analysis with panel discussions and a qualitative survey with a smaller number of Gen Xers, which explored their attitudes and perspectives. We also drew on previously published data and literature.

[c]YouGov conducted this survey using an online interview with members of the YouGov Plc UK panel of 800,000+ individuals who had agreed to take part in surveys. They then weighted the responding sample to the profile of the sample definition to provide a representative reporting sample.

About Generation X

There are 13.8 million Gen Xers in the United Kingdom. In 2020, Gen Xers were aged between 40 and 55, and at the middle or later stages of their careers. Of this country's Gen X cohort, 80% are UK-born, 10% are non-UK born but have British citizenship, and 10% weren't born in the UK and aren't British citizens.

Gen X is a socio-economically complex and diverse cohort. While many Gen Xers are financially comfortable, a significant number struggle to save. Some of this latter group have insecure jobs or are economically inactive, while others are in poor health or on career breaks caring for children or adults. In addition, Gen Xers have lived through political, social and economic upheaval, including a major financial crisis in 2008, and now the COVID-19 pandemic coupled with the effects of the UK's departure from the European Union.

Life expectancy and healthy life expectancy

In this section we discuss the socio-economic factors and trends that hinder or support the retirement income prospects of Gen X.

The diversity of Gen Xers can be better understood by considering the differing circumstances of three single-year cohorts: those born in 1965 (now aged 55), those born mid-cohort in 1973 (now aged 47) , and those born in 1980 (now aged 40).

Assuming the UK SPA as retirement age, a member of the oldest cohort can expect a further 12 years of working life, a mid-point Gen Xer expects 20 years, and the youngest expects 28 years.

The SPA was raised to 66 in 2020, with further raises planned in line with increasing longevity. Gen Xers will have to adapt to this increase by saving more and/or working for longer.

Table 1 shows that life expectancy across all three Gen X cohorts is three to four years higher for women than for men. However, the average length of retirement based on the rising SPA could fall from around 15 years for today's retirees to 13 for men, and from 18 years to 16 for women. Estimates of remaining healthy life expectancy (HLE) suggest that approximately 8 to 13 of these years could be spent in ill health, depending on year of birth and gender.

This gap between life expectancy and HLE, which is highest for younger Gen X members, means more Gen Xers face reduced independence and higher care burdens during retirement compared to previous generations. For some it also potentially curtails their later career choices and affects their working lives.

Table 1: Basic demographics, including life expectancy, for people aged 40 and over

Demographics	Born 1965	Born 1973	Born 1980
Cohort size (millions)	0.88	0.89	0.94
Remaining life expectancy in 2020			
Men	26.8	33.1	40.5
Woman	29.7	37.1	43.7
Remaining HLE in 2020			
Men	18.4	24.5	30.2
Women	18.9	24.9	30.5
Gap (years) between life expectancy and HLE			
Men	8.4	8.6	10.3
Women	10.7	12.2	13.2
% in good health			
Men	77.0	83.3	86.0
Women	72.1	77.2	82.3

Source: Office for National Statistics (ONS)

Household composition

The average UK household size has been declining for many years, with more people living alone. This is in part driven by an ageing population (see Table 2).

Table 2: Household size and composition for people aged 40 and over

Household composition	Born 1965	Born 1973	Born 1980
Average household size	2.0	2.4	2.5
% living alone	12.9	11.9	11.4
% with caring duties			
Men	17.1	12.6	8.8
Women	24.8	19.2	13.7
% who are grandparents	23.0	10.4	3.7

Source: ONS

There are also changes in household composition relating to family size and fertility rates (more Gen X women remain childless by the age of 30 compared with Baby Boomers). ONS data shows that 63% of those born in 1973 have two or more children, compared with 77% of those born in 1946.

This means Gen X have smaller families, with older parents. Older Gen Xers are more likely to have financial responsibility for children compared to Baby Boomers. For example, a Gen Xer would typically be around 52 when a 21-year-old child leaves home, whereas a Baby Boomer would be around 45.

Pension savings

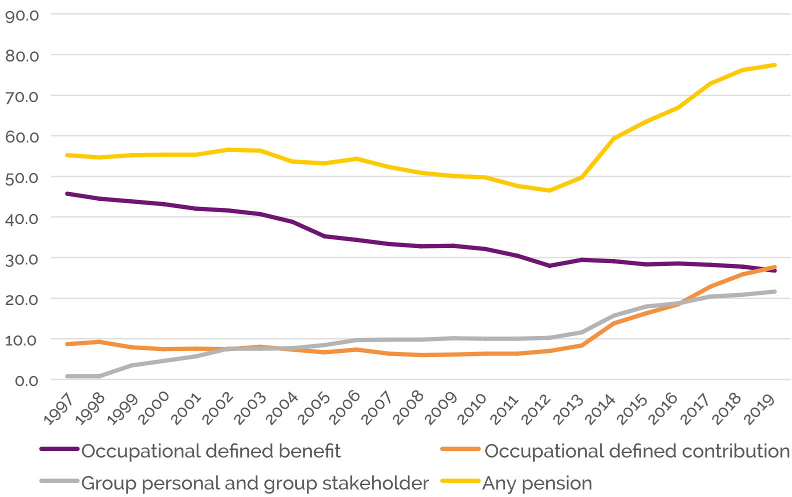
While Gen Xers have enjoyed record levels of employment, they have also faced a huge number of changes to the occupational landscape. They worked through the 2008 global financial crash and its after effects, as well as the ongoing effects of the 2020 global pandemic; they've witnessed significant growth in the digital economy, including an increasing switch from physical to online services; and they've seen a continuing move away from secure employment for life towards self-employment, including zero hours contracts and gig economy work.

They've also been affected by a sharp rise in house prices and rents since the turn of the millennium. Our survey shows that renters (whether private or social) and those still saving for a deposit in their 40s and 50s are much more likely to struggle with pension contributions.

These changing economic circumstances shape many Gen Xers' retirement horizons.

During Gen Xers' working lives the demise of DB pension schemes in the private sector and the move to less generous DC schemes has continued. DB schemes are now largely the preserve of public sector employees (and typically reflect the average salary over their careers, rather than their final salary).[7] Membership of DC workplace schemes exceeded DB enrolment for the first time in 2014/15, but saving contribution rates and benefits at retirement remain typically lower in DC than DB.

Figure 1. % of UK employees with workplace pensions, by type of pension (1997 – 2019)



Source: ONS - Annual Survey of Hours and Earnings[8]

Many UK pension reforms took effect between 2007 and 2017; data from the *ONS Wealth and Assets* survey[9] reveals that during this time, the overall percentage of people aged 16 and over with a workplace or private pension[d] increased from 37% to 42%. Women remain less likely to have an active pension than men, due to lower rates of

[d] Where pension savings are not being drawn upon to fund an individual's retirement.

employment and lower earnings,[10] although the figures for women rose from 32% to 39% (while those for men rose from 41% to 45%).

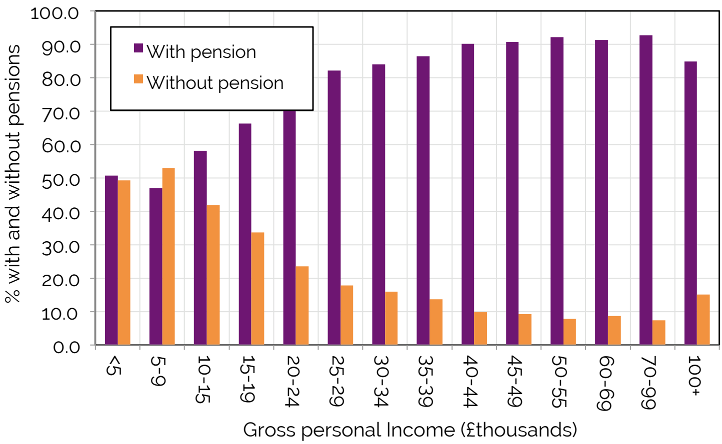
During the same period, the number enrolled in DC schemes increased from 3.3 to 8.0 million, mainly for those employed in the private sector, while DB enrolment increased from 6.8 to 9.1 million (due to the UK's relatively large public sector). Meanwhile, the number of individual personal pensions declined, reflecting a shift to workplace pensions following the introduction of AE.

For Gen X, enrolment has increased from 63% to 73% among the 35-44 age group, and from 66% to 73% among the 45-54 age group, with the increase evenly split between DB and DC schemes.

However, it's clear that there are still barriers to enrolment; one indication is the disparity in pension provision between lower and higher earners, caused by AE's minimum earnings threshold of £10,000. Employees earning less than this are not automatically enrolled into their workplace pension; those earning more than this across multiple jobs (each below the threshold) aren't enrolled either.

Figure 2, taken from our Gen X survey, shows that the proportion of Gen Xers with any pension (active or deferred) rises with annual gross personal income, peaking at around £70 - £99,000.

Figure 2: Percentage of Gen Xers with and without pensions, by annual gross personal income[e]



Source: YouGov survey, 13-24 November 2020

[e]Gross personal income is defined as total income received from all sources, including wages, salaries or rents, and before tax deductions.

Housing costs

Most people in the UK aspire to own their own home. The three different age cohorts we have previously defined within Gen X have very different experiences of housing tenure (see Table 3).

The average age at which an individual will buy a home in the UK has risen to 33 – which means that when combined with an increase in mortgages with 30 and 35-year repayment periods,[11] many of our Gen Xers could find themselves still paying off their mortgage during their retirements.[f12]

The percentage of those aged 40 and above living in private rented accommodation is significantly higher for younger relative to older cohorts within this group, making rent a significant proportion of many younger households' budgets. This reflects a shortage of affordable housing for first-time buyers and the ongoing decline in the availability of social rented accommodation since the 1980s.

Table 3: Housing tenure for people aged 40 and over

Housing (%)	Born 1965	Born 1973	Born 1980
Owned outright or with mortgage	72.2	64.3	51.6
Shared ownership	0.6	0.9	1.3
Social renting	14.6	14.8	14.4
Private renting	12.6	20.1	32.7

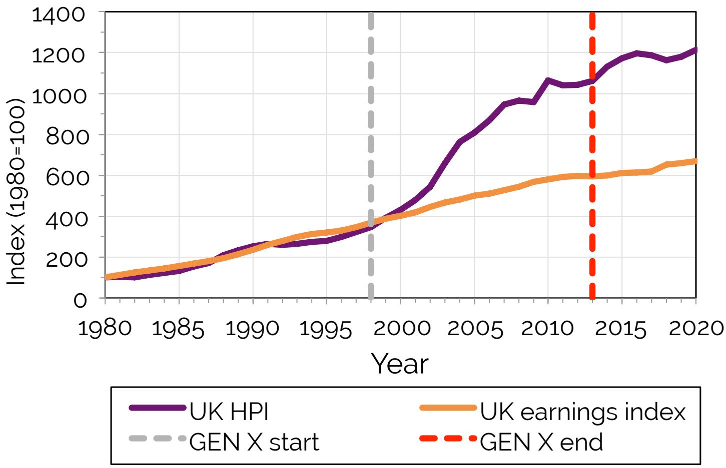
Source: ONS

Gen X have seen house prices rising faster and further than earnings. House prices rose twelve-fold between 1980 and 2000, outpacing earnings, which increased six-fold (see Figure 3). An average home was worth around five times the average annual salary in 1980, whereas today it would be worth about 10 times the average salary. This reflects not only population growth (due to increased longevity, reduced fertility and higher net immigration after 2000) but also under-occupation of UK homes and a lack of new affordable (mainly social) housing.

[f] This is partly driven by findings that the average UK working adult retires before they reach SPA (see endnote 12) and that many Gen Xers were older than 33 when buying their first home.

Younger Gen Xers have also benefited less from the housing market. Figure 3 shows that a Gen Xer born in 1965, who bought in 1998, has fared well in terms of the growth of house prices, whereas one born in 1980, buying in 2013, is much worse off. Those who bought between 1995 and 1997 enjoyed the best ten-year return, while those who bought between 2007 and 2008 had the lowest.

Figure 3: The development of house prices and earnings in the UK from 1980 onwards



HPI = UK House Price Index
Gen X start and end years are based on the average age of a UK house purchaser born in 1965 and 1980
Source: Mayhew, L. "Last time buyer: housing and finance for an ageing population"[13]

In one way, Gen X have benefited from the extended period of low interest rates; the Bank of England's rate was 14% in 1980, but now stands at 0.1%,[14] allowing mortgage repayments as a percentage of household income to remain relatively steady at around 30%. However, the fall has also made it harder for Gen X (and other generations) to save for a home, exacerbated by the problem of increased deposit sizes. Whereas the average savings rates of 4.5% in 2000[15] would have helped a Gen Xer (who would have been 20 to 30 years old) save, the current rate of 0.1% provided by high street savings accounts is little help to anyone of the same age today wanting to save for a deposit.

In our discussions it was clear that housing costs not only affected whether Gen Xers could afford to save for retirement, but also their financial priorities.

Student debt

The youngest members of Gen X have also been affected by student debt; this was an issue raised in our discussions with our Gen Xers. However, while a significant concern for some, it affects relatively few of this generation overall, because tuition fees were introduced in 1998 when the last Gen Xers were 18 years old, and initial rates were low.

Wages and employment

The 2008 to 2009 financial crisis caused a sharp recession in the UK, while Gen Xers were aged from 28 to 43 and in their early or middle careers. In the short term, this affected their employment and earnings; in the long term, it affected their capacity to save and prepare for retirement. Research by Dunstan Thomas found that Gen Xers were the generation hit hardest by the 2008 financial crisis, with those who faced compulsory redundancy seeing a significant drop in pension savings of around 40%.[16]

The average UK wage stagnated between 2008 and 2017. Average weekly earnings are only now £3 higher than pre-crisis levels in real terms (£476 in August 2020 compared to £473 in March 2008).[17] The average Gen Xer has seen their household disposable income go down, with those aged 45 to 49 hit the hardest.[18]

Despite stagnating incomes, this period saw a record level of employment,[19] with levels up 2.6% since 2005, bringing unemployment back to pre-2008 levels.[20]

Gen X women have better employment prospects, stay in education for longer, and are more highly qualified than previous generations.[21] More women are working, partly as a result of improved working flexibility – as they're more likely to take part-time or casual work after a career break to have children. While they've been able to work and save for a pension, for some this has been on low earnings, with only modest prospects for growth in earnings.[22]

Increasing numbers of Gen Xers are in insecure employment. They are more likely than Baby Boomers to have non-linear employment patterns, including part-time or casual work, self-employment, job changes and career transitions.[23] Over the period from 2001 to 2017, self-employment increased by 3.1% in the UK – a trend which is likely to continue.[24] The emergence of the 'gig economy' has also contributed to insecure employment, with more casual employment and zero-hour contracts; employees working under these conditions made up 3% of the workforce in 2019, up from 1% in 2010.[25] And while more people appear to be working beyond the SPA, there are still plenty who cease economic activity earlier – many against their wishes.[26]

Both part-time and self-employed workers, tend to have lower levels of pension savings – part-time worker are less likely to be eligible for AE, while the self-employed don't have access at all.[27] Concerningly, many are in the 45-64 age bracket, which doesn't leave them much time to improve their situation.[28]

Unearned wealth

Some Gen Xers may be in line to receive an inheritance due to the previous generation's growth in home ownership.[29] The amounts will vary for obvious reasons. In addition, many may need to use this money to pay for long term care for their parents, as the proportion of adults with care needs in the UK is set to grow.[30]

Structure of the report

In the following sections we consider:

- how well prepared Gen Xers are for retirement, which sub-groups within Gen X are the least prepared, and how well prepared Gen Xers feel;
- the barriers Gen Xers face to saving for retirement;
- and the barriers that impact the most disadvantaged groups.

In the last section before our conclusion and recommendations, we consider the opportunities that exist to better support Gen Xers' retirement income prospects.

Our findings: Are Gen Xers prepared for retirement? How prepared do they feel?

In this section we explore both how prepared Gen Xers are for retirement, and how prepared they feel. A significant proportion of our Gen Xers are not prepared for retirement – nearly one in three are likely to face real disadvantage. Many more are pessimistic about their retirement income prospects.

How prepared is Gen X?

We can see that a significant proportion of Gen X are not prepared for retirement as shown by a number of measures. Our survey revealed that:

- Just under a third of all Gen Xers (30%) are at risk of their pension providing a minimum or lower than minimum standard of living in retirement – and 59% of this group expect to have no additional (non-pension) income, beyond the state pension, to support them in retirement[g]
- More than a quarter of Gen Xers (28%) expect to either mostly (or completely) rely on the state pension in retirement or don't have any pension savings at all
- Slightly more have a DC pension (46%)[h] than a DB pension (44%), especially among younger Gen Xers
- The majority with a DC pension are contributing at less than the levels recommended to achieve a moderate or modest retirement income[i] and 44% have significant gaps in their pension contributions[j]
- The majority of Gen Xers (56%) expect to have additional (non-pension) income in retirement, such as property wealth, other investments or savings, an inheritance, or income from their partner or family

---

[g] ILC calculations and analysis using YouGov survey data (13-24 November 2020).

[h] This figure includes Gen Xers who have a DC workplace pension and a DC personal pension.

[i] ILC calculations and analysis using YouGov survey data (13-24 November 2020). This refers to current contributions, or if no longer contributing, most recent contributions.

[j] This was estimated by calculating the proportion of those aged 48 to 55 who have saved for 20 years or less into a pension, and the proportion of those aged 40 to 47 who have saved for 12 years or less, and taking the average of these two estimates. This refers to current contributions or, if no longer contributing, most recent contributions.

Box 3: Key definitions: retirement income levels

In this report we use terms coined by the Institute and Faculty of Actuaries (IFoA) to describe different levels of retirement income, building on research by the Pensions and Lifetime Savings Association (PLSA). These are based on estimates of retirement living standards achieved by different levels of contribution to DC pensions (taking into account the additional support that the state pension will likely provide).[31]

Minimum standard of living: This is enough to cover basic living costs but not enough for individuals to have financial security and the flexibility to do many of the things they might want to do. The contribution level estimated as necessary to achieve this is 8% of average full-time earnings (likely a combination of employee and employer contributions)[32]

Moderate standard of living: This provides some level of freedom and resilience to shocks.[33] The contribution level estimated necessary to achieve this is 21.3%.[34]

Modest standard of living: This is between a minimum and a moderate standard of living.[35] The contribution level estimated necessary to achieve this is 16%.

We also use the following terms:

Inadequate retirement income: One which provides at most a minimum, but more likely, less than minimum standard of living in retirement.

Inadequate pension savings: Levels that are likely to achieve a minimum or, more likely, less than minimum standard of living in retirement.

Financially vulnerable: Those who are unlikely to achieve a minimum income in later life.

More young Gen Xers will rely on DC pensions than older Gen Xers

"I Joined after DB [closed to new members], which means I'm accumulating less compared to previous employees' DB pensions"

Gen X, particularly its younger members, will be more likely to have a pension but also will rely more on DC pension schemes than previous generations. 41% of our Gen Xers aged 40-44 have a DB pension, compared to 48% of those aged 50-55 (see Table 4).

DC schemes are less generous than DB schemes; in addition, they expose their users to market risk, as the funds are invested, making the ultimate purchasing power of the pension pot dependent on market conditions at the point of decumulation.[36] In DC schemes the onus is on individuals to be the main contributors to their pension savings, as most employer contributions fall significantly below the levels recommended to achieve a moderate income in later life.[37] DC pension holders will also be affected by any economic impact of the COVID-19 pandemic on pension investment funds.

Table 4: Active and deferred membership of pension schemes by type[k]

	DB pension	DC pension*	No pension
All Gen Xers	44%	46%	14%
40 to 44	41%	44%	16%
44 to 49	44%	46%	15%
50 to 55	48%	47%	12%

**All figures for DC pension schemes include both workplace and private pensions.*
Source: YouGov survey, 13-24 November 2020

Most Gen Xers with a DC pension are contributing too little to their pensions

- Only 7% are currently saving enough to achieve a *moderate* lifestyle in retirement[l]
- Just over 18% are currently contributing enough to achieve a *modest* lifestyle[m]
- 17% don't know how much they are contributing
- 44% report gaps of at least 10 years in their pension contributions[n]

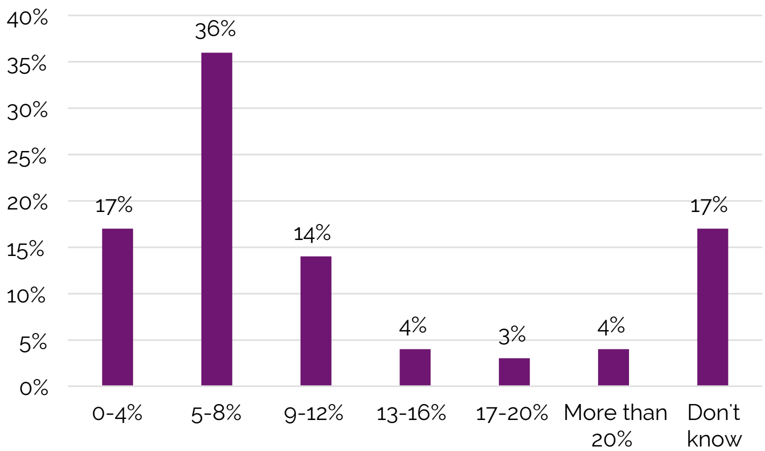
[k]An individual can be part of more than one scheme, for instance both a DC scheme and a DB scheme.
[l]ILC calculations and analysis using YouGov survey data (13-24 November 2020). This assumes that an individual with a DC pension must save 17% of their earnings to achieve a moderate income in retirement if their employer contributes 5% of earnings.
[m]ILC calculations and analysis using YouGov survey data (13-24 November 2020). Pension contribution data was collected in the bands shown in Figure 4. To estimate how many contributed 11% and 12% (to calculate how many contributed 11% or over), we have assumed an even distribution of contribution figures, i.e. that the same number of pension holders each contributed 9%, 10%, 11% and 12%. As such, we estimate that 7% contributed either 11% or 12%, and 18% contributed 11% or more.
[n]We calculated the proportion of those aged 48 to 55 who have saved for 20 years or less, and the proportion of those aged 40 to 47 who have saved for 12 years or less, and took the average of those two estimates.

While long-term DB pension holders should be guaranteed a reasonable and secure income in retirement,[38] the income of DC pension holders depends on the levels of contribution, the charges levied by their schemes, and investment returns.

The latest ONS data shows that most employers' contributions to DC schemes represent a level between 2 and 8% of employee earnings.[39] Since April 2019, the minimum AE employer contributions have been increased to 3% of banded earnings.[40]

It's clear that **Gen Xers will need to contribute the lion's share of their pension contributions** to achieve a modest or moderate retirement income. But our survey found that of the Gen Xers with a DC pension, over half (53%) are contributing (or have most recently contributed)[o] 8% of their earnings or less (see Figure 4).

Figure 4: Pension contribution levels by Gen Xers with DC pensions



Source: YouGov survey, 13-24 November 2020

Assuming that employers contribute an average of 5% of earnings into their employees' DC schemes,[p] the majority of our Gen Xers will fall short of even a modest retirement income**.**

Many Gen Xers also told us they were worried they had started contributing into their pension too late:

[o]This refers to current contributions or, if no longer contributing, most recent contributions.
[p]ONS data shows that most employers contribute between 2 and 8%: see endonote 38.

“I’m not sure it will be adequate, as I didn’t make much provision until I was in my later thirties”

Nearly 1 in 3[q] Gen Xers will have the minimum level of income (or below) in retirement

A significant minority of Gen Xers are at risk of being financially vulnerable in retirement based on their pension savings. Among Gen Xers who’ve not yet retired, 30%[r] either

- don’t have a pension other than the state pension, or aren’t aware that they have one;[s] or
- have a pension but:
    - have no DB pension savings;
    - contribute 5% of their earnings or less; and
    - have gaps of 10+ years in their contributions.

Given that 17% of our Gen Xers who have a DC pension said that they “don’t know” how much they’re contributing, these figures may be an underestimate.

This estimate differs across the UK nations: Table 5 shows that **Gen Xers in Scotland and Northern Ireland are more likely to have inadequate pension savings**.[t] In these countries many people have no pension at all. By contrast Wales is doing relatively well.

Table 5: Pension savings characteristics by UK nation

	England	Wales	Scotland	Northern Ireland
Inadequate savings¹	30%	27%	34%	36%
No pension	14%	13%	16%	18%

Source: YouGov survey, 13-24 November 2020

59% of Gen Xers with inadequate pension savings have no other source of retirement income

[q]ILC calculations and analysis using YouGov survey data (13-24 November 2020).

[r]Ibid.

[s]This includes all Gen Xers who responded that they *don’t have a pension* or *don’t know whether they have a pension* (and are not knowingly contributing to a pension).

[t]ILC calculations and analysis using YouGov survey data (13-24 November 2020).

Many Gen Xers (23%) expect to have other sources of income as their main income in retirement.[u] The majority (56%) expect to rely on one of the following as a source of income in retirement:

- Other savings and investments excluding property (26%)
- An inheritance (25%)
- Downsizing or releasing equity from the property they live in (23%)
- Support from a partner or family member (14%)
- Other property investments (11%)
- Other (2%)

That said, the majority of Gen Xers (59%) who will likely have inadequate pension savings in retirement don't expect any of these other sources of income in later life.[v] Close to three in ten (28%) of all our Gen Xers also expect to mostly (or completely) rely on the state pension, or don't have any pension savings at all.

Which Gen Xers are the least prepared?

There are sub-groups within Gen X who may be the least prepared for retirement, and who need priority attention from policy makers.

Those sub-groups that are exceptionally likely to have inadequate pension savings in retirement are:

- Those on benefits
- The unemployed
- Renters
- Those whose (poor) health limits their ability to work
- Those on relatively low incomes with lower educational attainment
- The self-employed
- Those who've taken a career break
- Those who don't have British nationality
- Carers

[u] All reported figures that relate to the sources of income Gen Xers expect to rely, or mostly rely, on in retirement, are denoted as a proportion of all Gen Xers who are yet to retire.
[v] ILC calculations and analysis using YouGov survey data (13 - 24 November 2020).

With the exception of the self-employed and those who don't have British nationality, these groups also have limited non-pension income in retirement. See the Appendix for more detail.

How prepared do Gen Xers feel?

"I won't have enough money to survive through retirement."

Different Gen Xers feel differently about retirement; slightly more of them feel pessimistic:

- Roughly the same proportion of Gen Xers expect their living standards to fall, as expect them to stay the same or improve, in retirement (40%)
- More Gen Xers are worried about the lifestyle they will live in retirement than not (50% vs 40%), and more expect to be worse off than their parents were in retirement rather than better off (48% vs 19%).
- Some may be sleep-walking into financial hardship: 20% of those who expect their living standards to stay the same or improve may actually be saving far below recommended pension levels[w]

40% of Gen Xers expect their living standards to fall, while 50% are worried about their lifestyle in retirement

Among Gen Xers who expect to retire:

- 40% don't think they're saving enough to maintain their living standards in retirement
- 22% expect their living standards to drop and don't think they'll be able to leave an inheritance
- 17% don't know

"At the moment, I am not unduly worried - but am keeping an eye on the situation."

However, 40% expect to at least maintain their living standards, and 5% expect a more comfortable lifestyle in retirement.

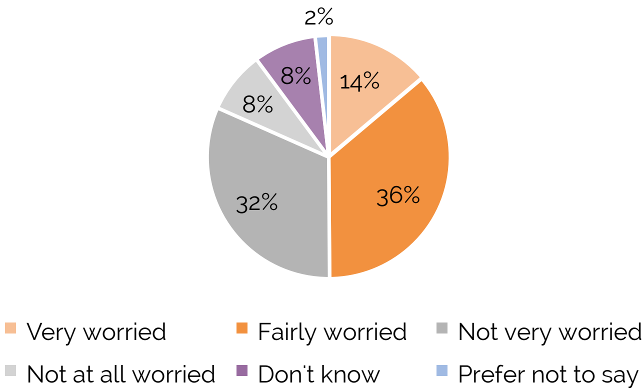
"I will suffer a large drop in living standards when I retire."

14% of Gen Xers are very worried about their post-retirement lifestyle – around 1.8 million people (Figure 5).

[w] Ibid

"As things stand, I already see I will have no margin in retirement for house repairs and replacing appliances"

Figure 5: Are you worried about achieving the lifestyle you want in retirement?



Source: YouGov survey, 13-24 November 2020

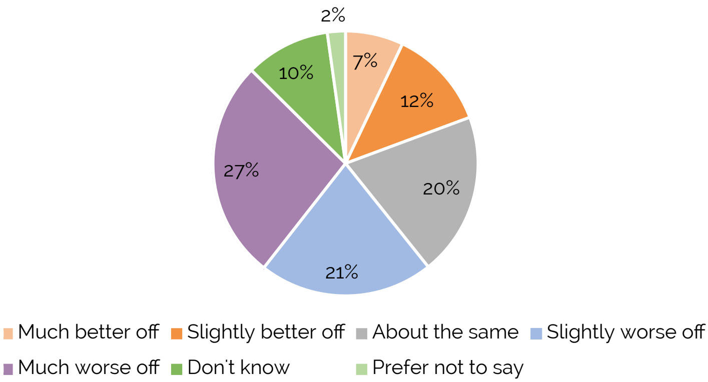
More Gen Xers believe they'll be worse off in retirement than better off compared to their parents (Figure 6). Many Gen Xers told us that they feel saving for retirement is harder than it was before. They feel that recent previous generations (i.e. the Baby Boomer generation) had benefited from generous pension schemes, more stable employment and less responsibility for their retirement incomes.

"... most people were prepared well for retirement in earlier generations...you went to work, you had a stable job, and you continued in it. And at the end of it, you just popped out with a pension. You didn't even think about it."

However some also recognised that their generation benefits from better health and employment opportunities – particularly for women:

"I feel that there's a lot more options for me to work in a variety of ways than in my mother's generation...."

Figure 6: Will you be better off or worse off than your parents were in retirement?



Source: YouGov survey, 13-24 November 2020

A significant proportion of Gen X are optimistic (40% are, worried about their lifestyle in retirement), possibly due to DB pension savings and other income

The following groups were particularly likely to feel optimistic about their living standards in retirement:

- Those who only have a DB pension scheme (48%)
- Those who live in a property they own with no mortgage (49%)
- Those who expect a partner or relative to support them in retirement (48%)

These groups were also all relatively more likely to think they will maintain or improve on their current lifestyle in retirement.

Our findings are in line with previous research, in demonstrating that while some Gen Xers are well prepared for retirement, a significant minority (and a greater proportion than that of the Baby Boomer generation) face real challenges.[41]

Some Gen Xers may be sleep-walking into financial hardship in retirement

There are some within Gen X whose optimism about retirement may be misplaced:

- One in five (20%) of Gen Xers who think they'll be able to at least maintain their living standards in retirement (and nearly one in ten (8%) overall) have insufficient savings to achieve more than the bare minimum standard of living.[x]
- 11% of this group have no other (non-pension) sources of income to support them.[y]

Over a third (39%) of those yet to retire expect to rely on either the property they live in, e.g. via downsizing, or an inheritance. However, these incomes may not be reliable or may be needed for other reasons. Most people drastically underestimate their life expectancy,[42] and one in ten of those we spoke to who hope to use their home to support their retirement, and 11% who expect this to be their main income source in retirement, either don't currently own a home or don't expect to pay off their mortgage by the time they retire.

"I know so many people that…are dependent on property, but that is risky."

Previous research also shows that relying on downsizing is difficult and risky.[43] In most parts of the country, downsizing will not generate capital sums large enough to buy an income for life at the level most people want in retirement.[44] Adult children are also increasingly living in their parents' homes for longer,[45] and one in three mortgages taken out today will continue into the mortgagee's retirement (up from one in four a decade ago).

"In our culture the mortgage seems to trump any other kind of saving, whereas the pension is what many need to be thinking about too. So many seem to think their house, their property will be their pension nest egg."

Some Gen Xers prefer not to think about retirement

"I'm a long way from retirement."

Others recognise that they may not have enough, but either plan to do nothing about this or believe that retirement is too far off to think about (9%).

---

[x] ILC calculations and analysis using YouGov survey data (13-24 November 2020).
[y] ILC calculations and analysis using YouGov survey data (13-24 November 2020). This means they expect to rely on their pension savings and the State Pension in retirement.

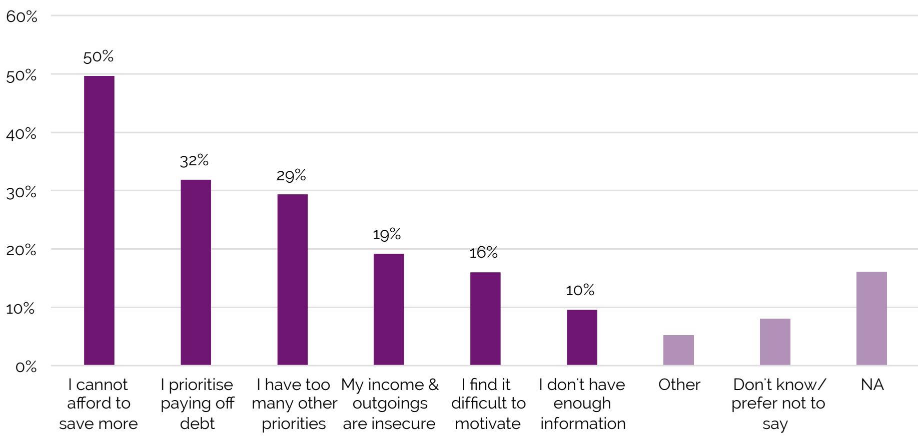
Our findings: Barriers to saving for retirement

Overview

57% of our Gen Xers agreed that "I would like to save more but feel I'm struggling to do so", while 33% disagreed. Often referred to as the 'squeezed middle', Gen X is finding that other pressing priorities, which are costly in terms of both time and money, are barriers to saving for retirement. The barriers are broadly affordability, insecurity of income and/or outgoings, motivation, and lack of information (see Figure 7).

50% of all Gen Xers in our survey[z] listed being "unable to afford to save more", and 32% listed "I prioritise paying off debt" as one of the four main factors that make it difficult to save for retirement. 29% said "I have too many other priorities".

Figure 7: The main factors that make it difficult for Gen Xers to save for retirement[aa]



Respondents were able to choose up to four options. Percentages are the proportion of respondents who expect to retire (93% of all Gen Xers).
Source: YouGov survey, 13-24 November 2020

In addition, the COVID-19 pandemic has presented this cohort with both challenges and opportunities around retirement savings – while some have eaten into savings or cut down contributions, others have been prompted to think about their retirement.

[z] That expect to retire.

[aa] NA refers to those that said they don't face any barriers to saving more for retirement.

Affordability and debt

Half of Gen X say they can't afford to save more for retirement

"House prices have risen much more than the cost of living; so sacrificing my salary into funds that cannot be accessed for retirement is not a priority."

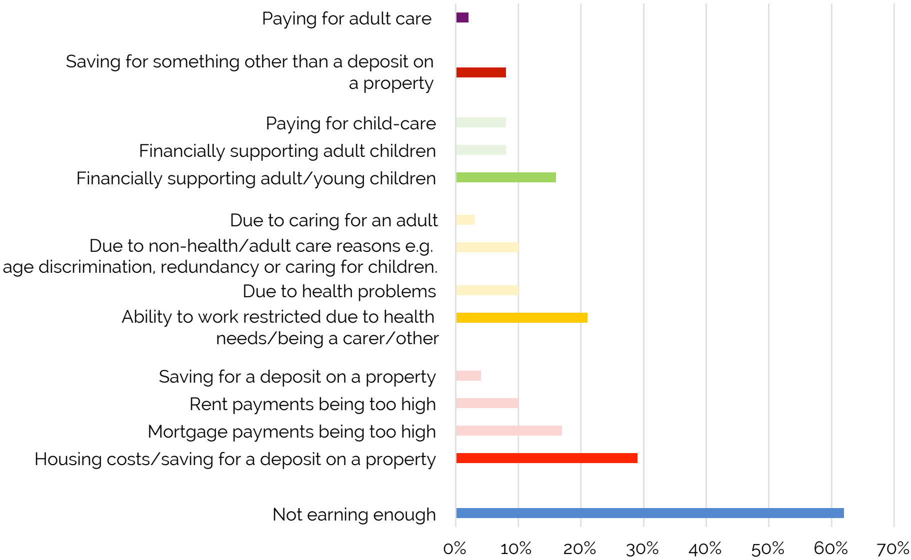
Indeed, nearly four out of ten (39%) say they either "never" or "rarely" even save for a possible time of financial difficulty – the proverbial rainy day. Key factors underlying the affordability constraints to saving for retirement include (Figure 8):

1. Obstacles affecting their ability to work and/or earn
2. Expenses, including housing costs, child care costs
3. Financial costs associated with caring responsibilities

Poor health or caring responsibilities that act as an obstacle to working are one of the key reasons Gen Xers are unable to save more for their retirement (Figure 8). Failing to address these barriers has a 'double whammy' effect on Gen X – by both limiting their ability to save and cutting off one of their routes to supplementing retirement income. We discuss health as a barrier to work in more detail later on in this report.

"The average person in the UK doesn't earn enough to meet current living costs and save for retirement."

Figure 8: Reasons Gen Xers can't afford to save more for retirement



Percentages may not add up to 100 as respondents could pick multiple responses. Responses of "Other" (14%), "Don't know" (4%), and "Prefer not to say" (2%) are not included.
Percentages are the proportion of the 50% of all respondents who said that they "can't afford to save more for retirement."
Source: YouGov survey, 13-24 November 2020

"I have flexible savings, but my contributions have not been continuous due to… caring responsibilities."

21% of Gen Xers who said they "can't afford to save more" reported barriers to working either full or part-time, including health problems, care responsibilities for an adult, and other reasons which could include age discrimination, being made redundant and childcare responsibilities:

- 42% of all Gen Xers are a parent or guardian to a child under 18; full-time work is far less prevalent among female compared to male Gen X parents/guardians and Gen Xers overall (39% vs 79% vs 58%)
- 12% of all Gen Xers provide informal care to an adult on at least a weekly basis: this group is less likely to work full-time than Gen Xers overall (43% vs 58%)

"I see a lot of women who work couple of days a week maybe raising children, I don't expect they will have much of a pension."

Gen Xers reported that other expenses also held them back from saving. These include paying rent, mortgage costs, and the costs of caring for children and/or adults. The majority of Gen Xers either own a home with a mortgage (50%) or are renting (25%). These costs are a key barrier affecting 27% of Gen Xers with affordability constraints.[ab] Among the 50% of Gen Xers who say they "can't afford to save more":

- 17% say that mortgage repayments are "too high"
- 10% cite high rent

4% of this group also cited "saving for a deposit on a home" as a reason for being unable to afford to save more, but this rises to one in five (21%) among private renters aged 40-44.

Gen Xers reported additional costs specifically related to multiple caring responsibilities.

"Competing priorities for mortgages/rent, … time off work caring for … relatives or supporting children through university… means there isn't always much spare cash … a pension seems like something to worry about in the future when there are so many things that need money now."

Around 9% of those who said they couldn't afford to save cited childcare costs as a reason. Gen Xers we spoke to specifically reported that it was the combination of costs that made it hard to save more.

"Many people in this generation are currently juggling mortgages, children, and assisting ageing parents."

Around one in ten of that group said they can't afford to save more because they're financially supporting adult children (e.g. with housing expenses, university costs and living expenses).[46] 14% of all Gen Xers live with one of their children, who is above the age of 18, but the need to support them financially, and the impact on saving for retirement, may have been unexpected.

"…the other thing that perhaps, might not have been anticipated…is that how much you have to support the younger generation. So, you know, if you're supporting young children through higher education, etc. that perhaps wasn't foreseen that, you know, people will be in so much debt for that kind of thing, really, in years gone by."

[ab] Gen Xers who said they "can't afford to save more for retirement."

While other financial concerns take precedence over retirement saving, many Gen Xers may be able to save in the longer term, since their constraints may be temporary. Among those who say they can't afford to save more, 24% plan to save a higher share of their income to address an income shortfall in retirement.

Close to a third of Gen Xers say that paying off debts is a barrier to saving

32% of Gen Xers who are yet to retire say that they are prioritising paying off debts.

- 34% were paying off credit card debt
- 16% were paying off a bank loan
- 5% were still paying back a student loan
- 50% had a mortgage

72% of those juggling student debt said that they wanted to save more but were struggling to do so; this compares to 56% of those without student debt. Similarly, more Gen Xers with a mortgage say they want to save more but are struggling to do so, compared to those without a mortgage (56% vs 42). 59% of those with student debt also said that if the interest on student loans were reduced, that would help them save more.

In our panel sessions Gen Xers told us that paying off a mortgage restricts their ability to save for retirement:

> ***"I've got a few girlfriends who are about 40, who are freaking out about [pensions]... They aren't thinking beyond paying their mortgage..."***

But homeowners without a mortgage were only slightly more likely to say that they were paying a large proportion (13+%) of their salary into a pension than homeowners with a mortgage (27% vs 23%). Previous research has also found that once people pay off their mortgage, only 5% save more into their pension,[47] suggesting that savings inertia is also a significant barrier.[48]

Overall, affordability is not the only barrier to saving. Nearly half (45%) of those contributing 5% (the minimum AE rate) or less into a pension didn't cite affordability as a barrier to saving more.

Competing priorities

Many Gen Xers, especially those with multiple caring responsibilities, told us they were too distracted by other priorities to think about retirement

"I mean, for me, it's just time, it's just time to think about it and plan for it. And there's so much else that's more important… I'm trying to have my mortgage… do the best for my kids, my parents are starting to need care… I feel like a duck that's paddling as fast as I can, under the water, and retirement is just so low on the list… the barrier is just making it a priority."

Nearly a third of the Gen Xers we spoke to (29%) said they are too overwhelmed and distracted with other pressures and priorities to think about retirement. Their responsibilities are costly to their time and mental bandwidth, which previous research has found to be limited.[49] 38% of our Gen Xers who live with children under 18 fall into this group, compared with 25% without younger children – this rises to 41% of those also caring for an adult: around 4% of our Gen Xers were 'sandwich carers' of this type.

"Gen X are raising the next generation and caring for the previous generation. We've got caring duties (unpaid by the way) on top of our working lives. We are the most likely to have financial difficulties as a result - the 'Squeezed Middle' they call us."

Insecure incomes and outgoings

Around 1 in 5 Gen Xers struggle to save due to insecure earnings and fluctuating outgoings, rising to 44% among the self-employed

With more of this generation being self-employed, being freelance or working casually than previous ones,[50] and with 42% having been made redundant at least once in their careers,[51] many Gen Xers have to allow for unexpected income shortfalls.

They may also have unpredictable outgoings.[52] Research finds a growing proportion of people are poorly placed to manage unpredictability and lack financial resilience.[53]

"I don't currently have a pension… because my income fluctuates, as is common with self-employed people. It can be quite good one month and really poor another month… to subscribe to a regular payment for some months may not be a problem at all, while for other months this could be really difficult for me."

Insecure incomes/outgoings are also more of a barrier among those who own no property (28%), compared to those who have a home with no mortgage (16%), and for those with caring responsibilities (24% vs 19% among non-carers).

Lack of information

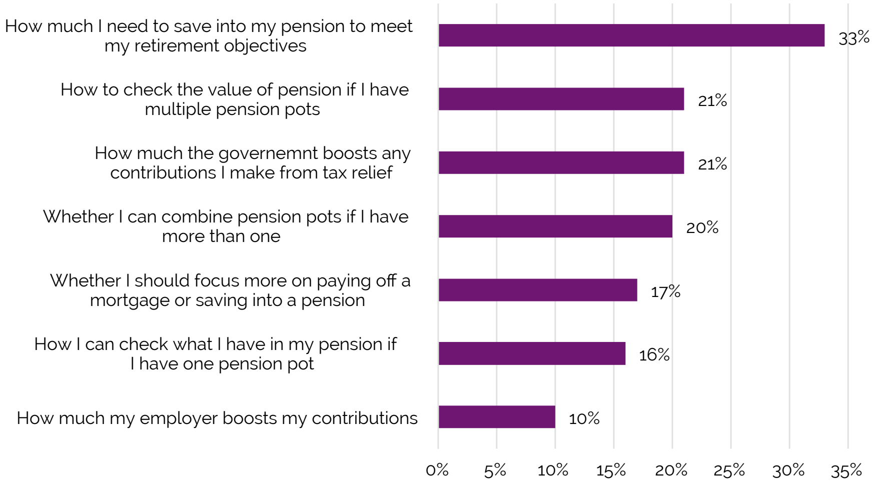
39% of Gen Xers – around 5.4 million people – don't feel confident about planning for retirement on their own: most want more information on how much to save and how to keep track of multiple pension pots

"I think financial matters can be really quite confusing for a lot of people…And you can feel quite alone in making quite large decisions with regard to change yourself, you know that that's a real barrier, I think to saving effectively."

Most Gen Xers say they'd value more information about planning for retirement – especially guidance. 60% said they would find free guidance and/or paid-for financial advice useful, while 52% said that free guidance alone would be helpful.

We asked them what type of information they'd find helpful.

Figure 9: What would you like more info about?



Percentages may not add up to 100 as respondents could pick multiple responses. Responses of "None of these" (29%), and "Don't know" (16%) are not included.
Source: YouGov survey, 13-24 November 2020

1) How much do you need to save for retirement?

"It's hard to know how much I will need…I don't know if what I have set aside already will be enough"

The main information Gen Xers want is how much they need to meet their retirement objectives: a third of all Gen Xers, and 62% who cited a lack of information as a barrier, selected this option. Knowing how much to save provides a goal to work towards and reduces complacency. Among those who said they're "not motivated to save because they have no savings goal," 50% said they would benefit from knowing how much they need to save "to meet my retirement objectives."

8% of our Gen Xers said they didn't have a clear goal for retirement. Previous research has indicated that setting a saving goal can increase savings, compared to having no goal.[54] It also shows that prioritising spending today over spending tomorrow is a significant barrier to saving,[55] which is borne out by our survey – a further 8% of our Gen Xers said they find it difficult to motivate themselves to save because they prefer spending today to saving for the future.

Although it is difficult to know how much to save to meet particular objectives in retirement – especially without receiving financial advice – ball-park recommendations are available.[56] However, we found a lack of awareness around these 'rules of thumb'. Only 37% of Gen Xers knew that DC pension holders are generally recommended to save 10% or more to achieve an adequate income in retirement (although experts differ on the precise level).[57] Based on IFoA estimates, a DC pension holder saving at 10% would likely achieve a modest income in retirement (see Box 3), assuming employer contributions average around 5%.[ac] We found that those who know this are four times more likely to contribute at roughly this level than those who don't.[ad]

Furthermore, many of our Gen Xers appear to over-estimate the value of the state pension, which can make them complacent about how much they need to save.

"Most of my peers are unaware of how low UK state pension benefits are (<£9k for a single person) and will be reliant on insufficient DC pension pots and other savings."

2) How to calculate the value of your pension across multiple pension pots

"... there'll be a lot of people like me with lots of little pots of pension... And I just think there needs to be a mechanism to...bring them all together, without me losing on each one..."

Having multiple pension pots may be confusing our Gen Xers about the adequacy of their savings; many also appear to be unaware of options for combining their pots.[58] This is more of an issue for Gen Xers than previous generations, as they're more likely to change their employer more often. Many Gen Xers told us that having many small pots makes it hard to understand how much they have and makes things more complex to manage, and that they would like ways to combine their pots (see Figure 9).

[ace] ONS data shows most employers contribute between 2-8%: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions/bulletins/annualsurveyofhoursandearningspensiontables/2019provisionaland2018finalresults

[ad] Among our Gen Xers who know the rules of thumb on pension contribution levels, 38% contribute at 9% or more, which is nearly four times the figure for who didn't know this but contribute at 9% or more (10%).

3) What are the benefits of tax relief?

Our Gen Xers are also keen to understand the benefits of investing in a pension. In particular, 21%[ae] want to know how the government tops up their pension savings through tax relief – more than twice the proportion that opted for information on the benefits of employer contributions (10%). This may be explained by previous research, which suggests that this is an area of particularly low awareness.[59]

4) Is it better to pay more into your mortgage or your pension?

17% of all our Gen Xers said they would benefit from more information on prioritising their mortgage or their pension; this rises to 29% among homeowners with a mortgage (half of our respondents). This is a complex area, with the optimal approach likely to depend on context.[60] But, among all our Gen Xers:

- Only 13% have received financial advice
- Only 14% have received free guidance

While most Gen Xers want more information, few have taken up advice or guidance. The main barrier to guidance is not knowing it's available. The key barrier to advice is cost.

Of our respondents, those who have received advice are more likely to be contributing at least 9% to their pensions (34% vs 19% of those without advice); the same is true for those who've received free guidance (26% vs 21%).

This suggests that addressing information gaps could help increase the numbers of those who save for retirement;[af] previous ILC research has shown that those who take financial advice are better prepared for retirement than those who don't.[61]

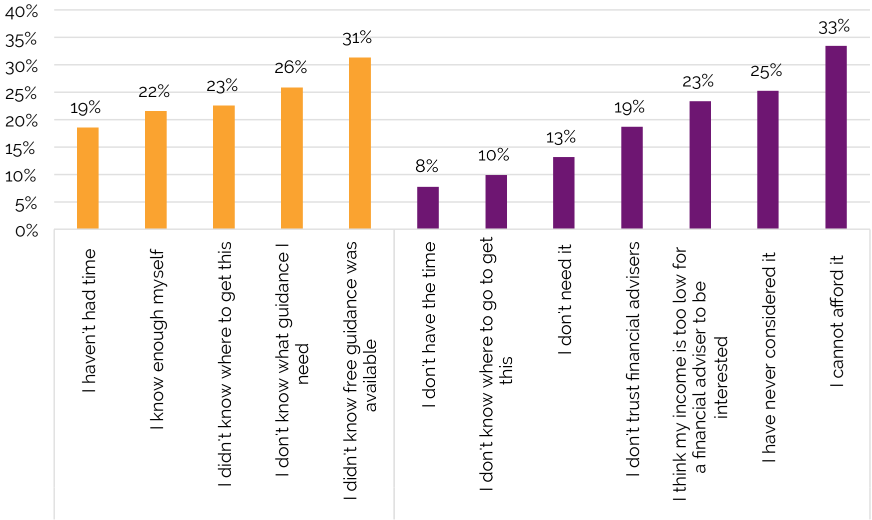
Why Gen Xers haven't received guidance

The main reason Gen Xers had not received free guidance was a lack of awareness of the options available, and not knowing what guidance is needed (Figure 10).

[ae] Of all Gen Xers surveyed.

[af] These figures should be interpreted cautiously as these factors could be correlated rather than causally related.

Figure 10: Why haven't you taken free guidance/financial advice to help plan for retirement?



**Percentages may not add up to 100 as respondents could pick multiple responses. Responses of "Don't know" (11%), and "Other" (12%) are not included for the question on free guidance; neither are responses of "Don't know" (8%), and "Other" (7%) for the question on financial advice.*
Source: YouGov survey, 13-24 November 2020

Of our Gen Xers, those aged 40 to 44 are more likely to be unaware that free guidance is available, compared to those aged 50 and over (34% vs 28%). This may be explained by the fact that when clients reach the age of 50, DC pension providers must inform them about the options open to them at 55, including the availability of free guidance from Pension Wise.[62] But previous analysis of the Pension Wise 2019-20 Service Evaluation has shown that nearly half of savers eligible for the service have never heard of it.[63] The Government is concerned that the service is failing to reach enough people.[64]

Gen Xers who don't have British nationality are more likely than those with it to say that information is a barrier to saving (14% vs 9%), that free guidance would be useful (58% vs 52%), and that the main reason they hadn't taken free guidance was not being aware that it was available (42% vs 31%).

> ***"I can't imagine anyone would think that there is the information out there to be honest. And I really I don't think that people are being educated about it, and are really being highlighted how important it is."***

Why Gen Xers haven’t taken advice

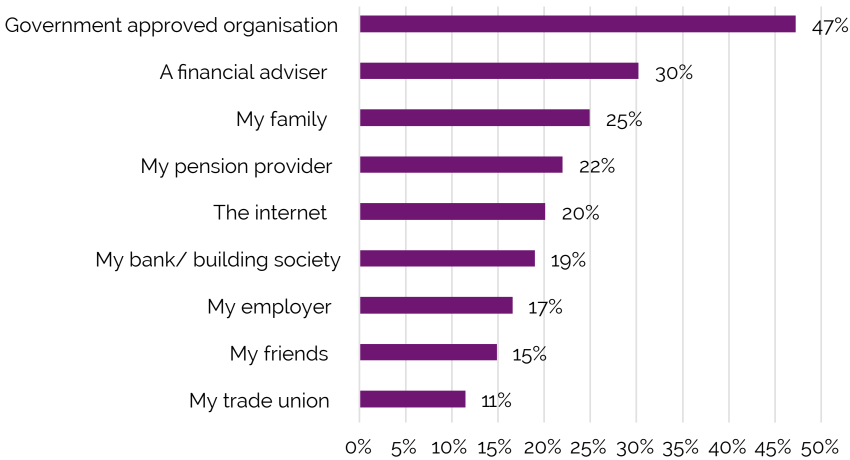
“I think advice absolutely has its place, but advisors will only want to work [with] relatively high net worth individuals.”

Our Gen Xers cited cost and low incomes as the main reasons for not accessing paid-for financial advice. Around a third said that the main reason is that “they can’t afford it”, while 23% said they think their “income is too low” for a financial adviser to be interested in seeing them (see Figure 10). Previous research has shown that the barriers to receiving financial advice are complex. Cost and perceived value for money are significant factors, but not the only reasons people do not access paid-for advice. Lack of trust is another key issue.[65]

That said, our Gen Xers are relatively trusting of financial advisers. 47% of our Gen Xers say that a source of information they would trust would be a Government-approved organisation (such as Pension Wise) (Figure 11). We also found reasonable levels of trust in:

- Financial advisers (30%)
- Family (25%)
- One’s pension provider (22%)

Figure 11: Who do you trust to supply retirement planning information?



Percentages do not add up to 100 as respondents could pick multiple responses. Responses of “Don’t know” (15%), and “None of these” (6%) are not included.
Source: YouGov survey, 13-24 November 2020

Changes relating to the COVID-19 pandemic

"I lost my job at the start of the crisis and haven't been able to find work yet, so I am spending my savings."

The pandemic has created additional barriers for our Gen Xers to saving for retirement, and may have changed their attitudes towards retirement planning (see Figure 12). Among those we surveyed:

- 20% of Gen Xers (representing approximately 2.6 million people)[ag] are spending their savings (12%) or saving less (13%) as a result of the pandemic
- 12% have been furloughed
- 10% have had to reduce their hours
- 4% have been made redundant
- The pandemic has led to more thinking about planning for retirement

"A lot of [Gen X friends] are working part time and have suffered as a result of COVID. So they have no income…or much less income than they did."

But 19% of all Gen Xers say they've been able to save more during the pandemic. As with so many issues for Gen X, the impact of the pandemic has been unevenly distributed.

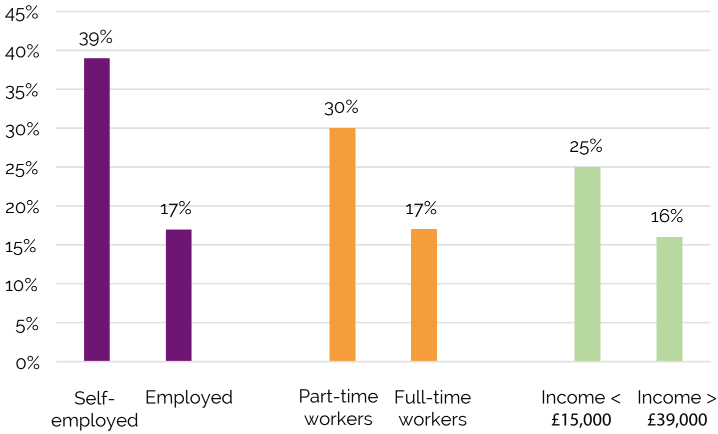
Groups who already face disadvantages in their retirement income prospects have been disproportionally affected by the pandemic

- 39% of self-employed workers saw a reduction in their hours as a result of the pandemic (whereas only 8% of employees have seen this)
- 27% of part-time workers saw a reduction of their hours (compared to 7% of full-time workers)
- 15% of those with incomes <£15,000 saw a reduction in their hours (compared to 6% of those with incomes >£40,000)

[ag] ILC calculations using YouGov survey findings (based on an estimate of 13.8 million Gen Xers in the UK).

It is, therefore, unsurprising that these groups are more likely to have saved less or have been forced to spend some of their retirement savings, compared to those not in these groups (Figure 12).

Figure 12: % of Gen Xers who are spending their savings or saving less for retirement due to the pandemic, by employment/income group



Source: YouGov survey, 13-24 November 2020

This is consistent with previous research, which has found that self-employed workers have been disproportionately hit by the pandemic, as many haven't been able to operate or qualify for government support during lockdown,[66] while part-time and low-paid jobs have also been found to be at high risk of being affected.[67]

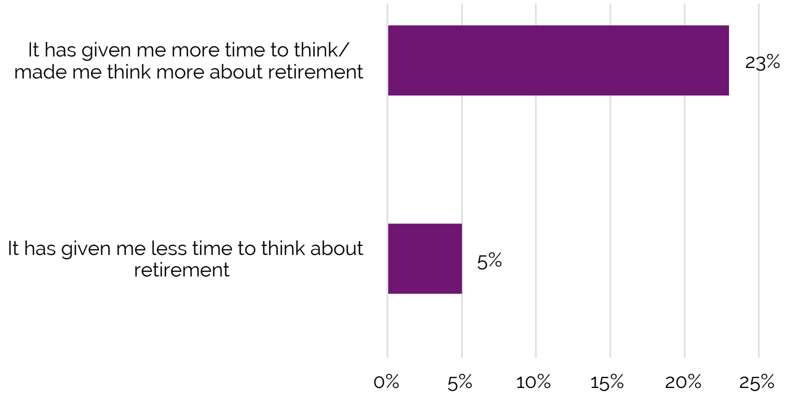
But the pandemic has encouraged some Gen Xers to engage with retirement planning

"It's an essential reminder and reality check about the need to save for a rainy day -- both individually and collectively."

While the economic fallout presents some serious barriers to saving, the pandemic may have prompted some to think more about planning for retirement. Since the pandemic, 9% of our Gen Xers said that they had more time to think about retirement and, 16% said that they were worrying more about their financial security in retirement and thinking about how they can save more, while 23% said that both of these applied to them (see Figure 13).

"I now feel very vulnerable and once I start earning again, I want to save as much as possible to build up my pension pot."

Figure 13: How the pandemic affected the way Gen Xers think about saving for retirement



The 23% figure represents respondents who said that they are either "thinking more about retirement" or "worrying more about their financial security in retirement and thinking about how they can save more." Percentages do not add up to 100 as respondents could pick multiple responses. Responses of "Other" (2%), "Don't know" (8%), and "Not applicable - COVID-19 has not affected the way I think about saving for retirement" (61%) are not included.
Source: YouGov survey, 13-24 November 2020

"I plan to spend far less in future and save much more so I am better prepared for the future."

Our findings: The most disadvantaged sub-groups

Unsurprisingly, Gen X's most disadvantaged sub-groups are more likely to struggle to save for retirement: nearly all are considerably more likely than the average Gen Xer to say they'd like to save more for retirement, but struggle to do so.

The **specific barriers vary across the sub-groups, although many face a variety**. Although they all cite affordability constraints most often, mainly due to "not earning enough," the other underlying reasons are often different (Table 6).

The most disadvantaged sub-groups experience considerable, but variable, financial constraints on saving. Their barriers are generally low earnings, housing costs (especially for renters), and being limited in their ability to work due to poor health or caring responsibilities. Many also struggle to find secure employment, and face insecure and unpredictable earnings – especially those who are not auto-enrolled into workplace pension schemes, such as low earners and the self-employed.

Policy makers may therefore need to try to tackle the wider socio-economic factors reducing Gen Xers' ability to save for retirement. At the same time they may need to build on AE, and to support those who are not auto-enrolled more flexibly, to tackle saving inertia while allowing for insecure earnings and variable outgoings.

Table 6: Barriers to saving for retirement for disadvantaged sub-groups[ah]

	Estimated sub-group size (millions)	Affordability issues	Other important barriers to saving
Renters (private)	1.9	High rental costs. Many younger renters are also saving to buy a home.	-
Renters (social)	1.5	Poor health limits their ability to work and save.	-
Those with low education/ unemployed/ on benefits	3.0/1.1/1.2	Poor health limits their ability to work and save, as well as a lack of secure, well-paid work opportunities	Insecure earnings and outgoings
Those on low incomes	3.0	Same as above	Insecure earnings – many are self-employed. Many are also not eligible for AE.
Those whose (poor) health limits their ability to work	2.1	Low earnings and being limited in their ability to work	Insecure earnings - many are self-employed (sometimes due to a lack of alternative employment options).
Carers	1.7	(Adult) care responsibilities limit their ability to work and save, as well as poor health, which may be a result of providing care.	The costs of paying for other people's care makes saving less affordable for some
Self-employed	1.9	Low earnings (on average, the self-employed earn less than employees)	Insecure and unpredictable earnings. No employer contributions or support around savings.

[ah]For definitions of these groups, see table A2.

Specific barriers by sub-group

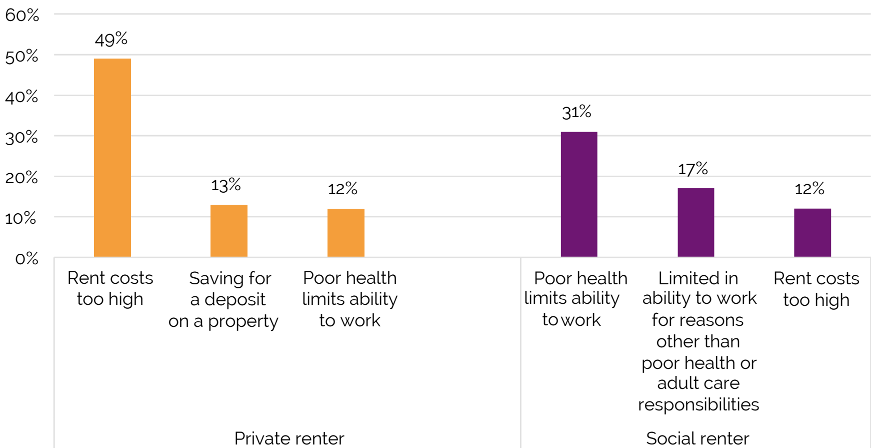
Housing tenure

"If you only have enough money to pay your bills and rent, then the number of alternatives you have for future savings is a theoretical question."

Renters are particularly likely to say they can't afford to save more. For private renters, this is due to high rental costs and trying to save to buy a home. For social renters, poor health limits their ability to work and save.

Around a quarter of Gen Xers rent their homes. 71% say they'd "like to save more for retirement but [are] struggling to do so," compared to 52% of homeowners. They're also more likely to face affordability barriers to saving (62% vs 46%). The majority of those who say they can't afford to save, say this is because they're "not earning enough" (62%), but the other reasons differ significantly for private and social renters (see Figure 14).

Figure 14: Why can't you afford to save more for retirement?



Source: YouGov survey, 13-24 November 2020

Rental costs and saving for a deposit

Owning a home is cheaper than renting privately in every part of the UK,[68] with private renters having the highest housing cost to income ratio of any tenure type in Britain.[69] The high cost of renting privately may induce financial hardship for those still renting in retirement; one study estimated that within 15 years, UK retirees who don't own their own homes will pay an average of 42% of their income in rent.[70] This may explain why private renters are disproportionately worried about their lifestyle in retirement.[ai] Housing insecurity may also be a concern; many older private renters have been found to worry about being evicted due to no-fault evictions, and then being unable to find a suitable alternative home because of age discrimination.[71]

"...it's like there's been no point saving because I'm 50, I haven't even managed to get onto the housing ladder."

Over one in ten private renters in our survey say that saving for a deposit is a barrier to saving for retirement, rising to over one in five Gen X private renters aged 40 to 44.

Poor health limiting ability to work

Private renters are nearly three times as likely to say they can't afford to save more because "poor health limits their ability to work" than homeowners, whereas social renters are nearly eight times as likely. While there could be many factors causing this association (including factors unrelated to renting), evidence suggests that poor-quality housing harms health, with exposure to damp, cold, mould and noise being strongly associated with poor physical and mental health.[72]

Education, income and employment status

Gen Xers with relatively low levels of education and income, as well as those who are unemployed or on benefits, are among those most vulnerable to poverty in retirement. They struggle to save due to insecure work, low earnings, or limited ability to work due to poor health.

Gen Xers with educational qualifications at GCSE level or below, low personal incomes (under £15,000), and those who are unemployed or on income support, housing support and/or means-tested benefits account for 22%, 21%, 8% and 9% of this generation. They are all

[ai] 63% of private renters say they are worried about their lifestyle in retirement, compared to 47% of homeowners.

exceptionally likely to have inadequate or no pension savings, and expect to mainly rely on the state pension in retirement.

Affordability

These sub-groups are disproportionately likely to say that they want to save more but struggle to do so.[aj] **They can't afford to save more,** due to barriers that limit their ability to work and earn. They either simply don't earn enough or are limited by poor health, or other factors, such as being made redundant. Those with low educational attainment and low incomes face higher redundancy and unemployment rates than our average Gen Xers.

These findings indicate that increased skills development and training opportunities, and re-training opportunities for those in poor health, will be important.

Insecurity of income and outgoings

These sub-groups are also much more likely to say that "insecure incomes and outgoings" makes saving for retirement difficult, compared to all Gen Xers.[ak] This is particularly true for those on low incomes (32%) and those who are unemployed (36%). People on low incomes have exceptionally high rates of self-employment.[al]

Older workers are increasingly joining the gig economy in search of more flexible work,[73] so we may speculate that many reportedly self-employed Gen Xers with low incomes may also be in the gig economy, where earnings are exceptionally low.[74] Research has shown that this sector has significant insecurity around income protection and working hours.[75]

Savings inertia

Those with low incomes may also struggle to overcome savings inertia as many are not eligible for AE[76] or employer contributions[77]

Individuals earning below the £10,000 threshold are not covered by AE, and employers of individuals earning below £6,240 are not

---

[aj] 61% of those with low educational attainment, 68% of those on low incomes, 70% of the unemployed and 73% of those on benefits say they'd like to save more but struggle to do so, which is considerably higher than across all Gen Xers (57%).
[ak] Gen Xers with low educational attainment levels weren't significantly more likely to say this than the average Gen Xer (19%).
[al] 28% of Gen Xers with incomes below £15,000 are self-employed whereas 14% of all Gen Xers are.

required to contribute to their pension.[am,78] Of our Gen Xers, those with incomes under £10,000 (14% of Gen Xers) are more than twice as likely as the average Gen Xer to have no pension, and those with incomes under £5,000 (7% of Gen Xers) are at least three times as likely to say they don't save more into a pension because they're not eligible or their employer doesn't offer one.

We also found that part-time workers were over twice as likely to have no pension savings than full-time workers (14% vs 6%). 20% of part-time workers also had incomes below the AE threshold. Those with multiple jobs, each of which was below the earnings threshold also missed out on AE, even if their combined income was above the threshold.[79]

Health status

Gen Xers whose health limits their ability to work may be exceptionally vulnerable in retirement

36% of our Gen Xers said they have a health problem or lived with a disability. 15% of Gen Xers (rising to 17% of those aged 50 to 55) said their health limits their ability to work or renders them unable to work. This sub-group may be exceptionally vulnerable in retirement: they're over three times as likely to have no pension compared to those in good health (34% vs 10%).

While the most disadvantaged are those who are unable to work, followed by those who are limited but able, those who are in poor health, but whose work is unaffected by this, aren't significantly disadvantaged.[an] Given that employers can accommodate most health conditions with the right support, e.g. flexible working/appropriate adaptations,[80] this suggests that suitable support could also improve the retirement prospects for many Gen Xers in poor health.

Many of those in poor health may want to work, but struggle to find suitable opportunities: one study has found that many older unemployed individuals with health conditions claimed they would return to work if the terms and conditions were right,[81] while around one in five of our Gen Xers whose work is affected by poor health are also unemployed. Of course, it's not always possible for people in poor health to work as it can worsen health,[82] particularly if the work

[am] Although they are required to give employees access to a pension if they request this.
[an] Based on criteria 1 to 3 used in tables A3 – see Appendix.

is unsuited to their condition.[83] However, more effective workplace adaptation to support people with long-term conditions and disabilities could make a real difference.

Affordability

Gen Xers whose health limits their ability to work would like to save more but are struggling to, with 70% saying this is the case (compared to 57% of all Gen Xers), while 57% say that they can't afford to as they are unable to work full or part-time due to poor health.[ao]

Insecurity of income and outgoings

This sub-group is also more likely to say that insecure earnings and outgoings are a key barrier to saving.[ap] This may be because they're nearly twice as likely to be self-employed than the average Gen Xer (25% vs 13%). This may be because workers with poor health often feel pushed into self-employment to allow for their health needs.[84] This also means they may have inadequate time to prepare for the transition into self-employment, and so may require additional tailored practical and financial support.[85]

Caring for an adult in poor health

Carers face significant affordability barriers to saving, mainly because providing care – but also poor health – limits their ability to work. Paying for care costs also affects some carers.

12% of all our Gen Xers currently provide care to an adult every week, rising to 15% of those aged 50 to 55. Carers may be considerably disadvantaged in retirement, with 56% worried about their lifestyle in retirement.

Care responsibilities negatively affect employment

Carers are also significantly more likely to say they want to save more but struggle to do so than non-carers (67% vs 56%), mainly because they can't afford to (56% vs 49%).

Of those who cannot afford to save more, 60% say they aren't earning enough and one in four say their care responsibilities limit their ability to work. They're significantly less likely than non-carers to work full-

---

[ao]Among Gen Xers who say their health limits their ability to work, and that they can't afford to save more, 57% say they can't afford to save more because health limits their ability to work full-time or part-time.
[ap]28% of Gen Xers who say their health limits their ability to work say that insecure earnings and outgoings are a barrier to saving, compared to 17% of Gen Xers in good health.

time (43% vs 60%), and more likely to be out of work (36% vs 22%). Gen Xers whose care responsibilities limit their ability to work are also far more disadvantaged than those whose work is not affected.[aq]

Even after their care responsibilities have ended, their work may still be affected: the Gen Xers we spoke to who had previously provided care were less likely to be employed full-time (48% vs 61%) and more likely to be out of work (29% vs 22%) than those without current or previous care responsibilities. Research also shows that employment effects are long-term.[86]

Poor health – potentially induced by care responsibilities – limits ability to work

Carers are also significantly more likely to be in poor health than non-carers (51% vs 34%), and say they can't afford to save more because poor health limits their ability to work (17% vs 9%). Other research has shown that providing care, particularly intense care-giving, can negatively affect mental[87] and physical health.[88] Our Gen X carers also tend to have a relatively low socio-economic status (41% compared to 31% of non-carers), which is associated with poor health.[89] Many carers' retirement prospects may therefore not only be disadvantaged directly by care-giving, but also by the indirect effect this has on their health.

Paying for care

Paying for care also affects Gen Xers' ability to prepare for retirement to a lesser extent; 7% of Gen X carers who can't afford to save say this is because they're paying to support a relative or friend who is unwell.[90]

Self-employment

14% of our Gen Xers were self-employed; they have significantly lower levels of pensions savings, due to lack of employer support and low, volatile or insecure earnings

[aq] ILC analysis of YouGov data finds that Gen Xers who said that (adult) care responsibilities limit their ability to work – making it harder for them to afford to save for retirement - were significantly more likely to have savings that will deliver at best a minimum living standard in retirement (54% vs 33%) and more likely to say they'd "like to save more but struggle to do so" (84% vs 65%) than carers whose employment was not affected.

No AE or employer contributions

Self-employed workers are nearly five times more likely to have no pension compared to employees (24% vs 5%). This is partly due to a lack of access to AE or another mechanism to tackle saving inertia,[91] while they also may have reduced motivation due to the lack of employer pension contributions.[92] Compared to employees, our self-employed Gen Xers were nine times as likely to say they don't contribute into a pension because they're not eligible for a pension scheme/this is not offered at work (9% vs 1%).

"[As] someone who is self-employed… the set of decisions that you make financially are all your own. And I think that is a factor…it is the kind of break point with that pension saving habit."

Low earnings and insecurity of income

Apart from insecure earnings, self-employed workers are also much more likely than employees to say they can't afford to save because they don't earn enough (78% vs 64%). This may be because the self-employed on average earn less than employees,[93] and within our survey, have relatively low incomes.[ar]

The self-employed are more likely to expect to rely on property or other wealth to support them in retirement – but they may be over-reliant on this and over-confident that it will be sufficient.

Many of our self-employed Gen Xers have inadequate pension savings, but they're no more likely than employees to envisage depending on the state pension in later life. This may be because self-employed workers are more likely to expect to be supported by other, non-pension related, forms of income in retirement – and are particularly likely to expect to rely on income from property.[as]

However, as discussed, over-reliance on property wealth could be risky because of fluctuations in house prices and other risks.[94] Furthermore, in reality self-employed Gen Xers are no more likely than others in the cohort to have (non-pension) savings or investments for retirement, or to own a home.[at]

[ar]Our self-employed Gen Xers are more likely to report a personal income below £15,000 than employees (26% vs 11%).

[as]Our self-employed Gen Xers are more likely than our employees to expect to rely on property wealth, such as the property they live in (29% vs 25%) and, in particular, property that they don't live in (19% vs 11%).

[at]Although our self-employed Gen Xers are more likely than employees to own a home without a mortgage (26% vs 18%).

Research by the Institute for Fiscal Studies (IFS) has found that alongside a decline in pension savings among self-employed people since the 1990s, there's also been a decline in non-pension savings; increases in property wealth among the self-employed have been similar to those seen among employees.[95]

So, despite their relative confidence, many self-employed workers may not have adequate forms of income, from other reliable sources, to compensate for their relatively low pension savings.

Our findings: Working for longer won't work for all

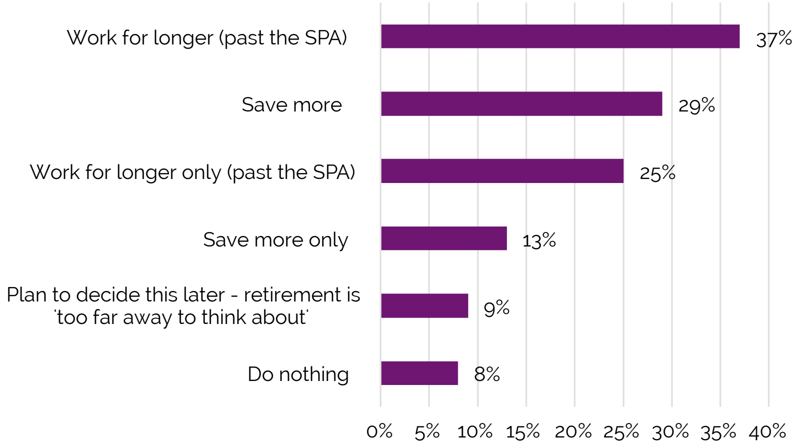
"I don't think I'll have enough money and will be working (presuming I can find work at an older age) well into my 60s and possibly beyond."

We've seen that many Gen Xers are likely to have gaps in their retirement incomes. Many plan to work for longer to make up the shortfall. Most whose only plan is to work longer say this is because they feel they can't save enough: 61% say they can't afford to save more, compared to 39% whose only plan is to save more. But many will face barriers to working for longer.

Our survey findings reveal that:

- 37% of all Gen Xers who expect to retire plan to work (part-time or full-time) past the SPA to address an income shortfall in retirement, while for 25% this is their only plan (see Figure 15)
- 31% said they aren't confident that they'll be able to work for as long as they need (see Figure 16)
- Consistent with current barriers to saving, many are concerned that poor health will also prevent them from working longer – especially those from disadvantaged sub-groups. They're also concerned about age discrimination, followed by inadequate skills, the pandemic, and caring responsibilities (see Figure 17)
- Almost two-thirds (62%) of those who plan to work past the SPA to address an income shortfall in retirement are confident they'll be able to do so – but they may be wrong:
    - One in four out of this group currently have a health problem or disability, and nearly one in ten (7%) expect to provide care to an adult in the next five years
    - Most people retire before they reach the SPA,[96] with around a quarter of those who leave work after the age of 50 but before the SPA finding themselves forced out rather than retiring early by choice.[97]

Figure 15: What Gen Xers plan to do to address an expected income shortfall in retirement



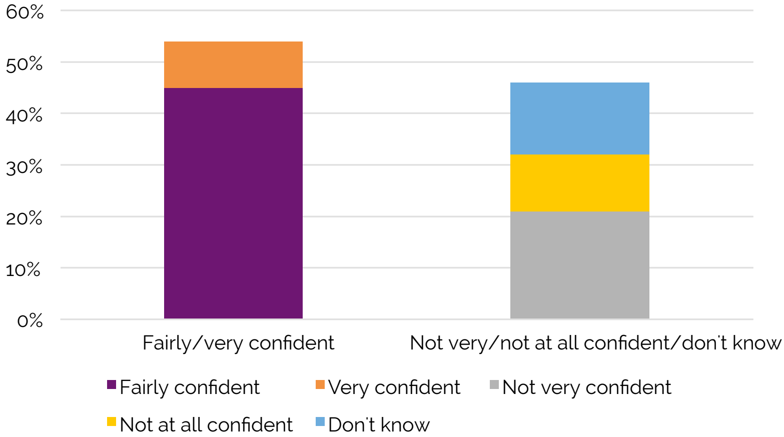
Percentages may not add up to 100 as respondents could pick multiple responses. Responses of "Don't know" (17%), "Prefer not to say" (4%), "Other" (2%) and "Not applicable - I am not expecting an income shortfall in retirement" (11%) are not included. Percentages are the proportion of all respondents who expect to retire (93% of all Gen Xers).
Source: YouGov survey, 13-24 November 2020

One in four of all Gen Xers plan to work part-time past the SPA to remedy an expected income short-fall in retirement, while 17% plan to work full-time.

"[I} expect to work [full-time] until [my] early 70s and part time until 80"

Previous research has shown that most workers aged 50 and over say that flexible and part-time roles are key requirements to their remaining in work for longer.[98] It has also shown that many older workers are locked into working more hours than they would like.[99] As such, the availability of flexible roles may be vital to enable many Gen Xers to support themselves in later life, and importantly, to enjoy doing so.

Figure 16: Are you confident you can work long enough to save for retirement?



Percentages are the proportion of respondents who expect to retire (93% of all Gen Xers).
Source: YouGov survey 13-24 November 2020

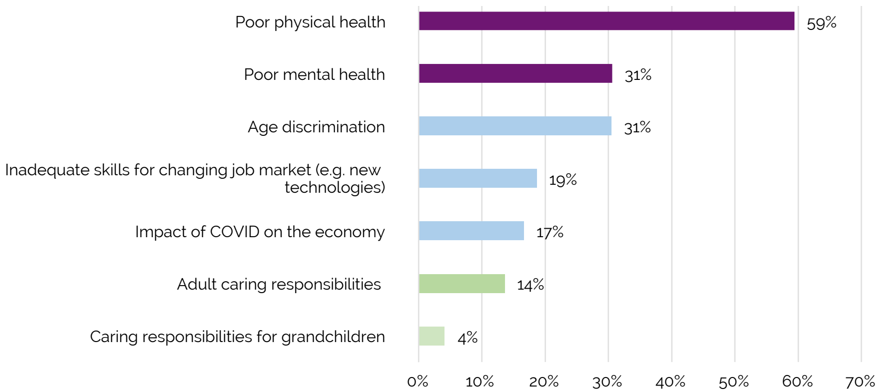
Poor physical and mental health

Gen Xers are concerned that poor health will constrain their ability to boost their retirement incomes through work in later life. 59% of our Gen Xers who aren't confident they'll be able to work for as long as they need to, said this is because they fear that poor physical health will restrict their ability to work, and 31% fear poor mental health (see Figure 17). This is unsurprising given that 36% of all Gen Xers, and one in three of those whose only plan for retirement is to work longer, have a health problem or a disability.

Previous ILC research identified the most important reason why people in their 50s involuntarily leave the labour market to be poor health – particularly poor physical health.[100] This means that some of our Gen Xers may not be able to work long enough to ensure they can save enough for retirement.

Among those of our respondents who lacked confidence that they'll be able to work for as long as they need, financial status also comes into play. Poor health was more often a concern for those with a lower socio-economic status (76% compared to 67% for those with a higher status). We saw the same concerns in those with relatively low incomes; 78% of those with incomes below £15,000 were concerned about poor health, compared to 65% of those with incomes over £39,000.

Figure 17: What reduces your confidence in working for long enough to support yourself in retirement?



Percentages are the proportion of respondents who expect to retire and aren't confident they will be able to work for as long as needed (29% of all Gen Xers).
Source: YouGov survey, 13-24 November 2020

There is a widely known association between deprivation and poor health.[101] Those with lower socio-economic status and/or low earnings are more likely to engage in routine and manual work,[102] where physical health is relatively important,[103] but which is also negatively associated with health outcomes.[104] This is particularly concerning, since these sub-groups are significantly more likely to expect an income shortfall in retirement and say that they can't afford to save more, but are also more likely to plan to do nothing to address this than those not in these groups.

Difficulties finding or retaining jobs

"…'ageist' attitudes towards older workers damage work prospects."

Some Gen Xers are also concerned about being able to retain their current job, or find a new one. A key worry for Gen Xers who aren't confident they'll be able to work as long as they need is that age discrimination will restrict their ability to retain or find another job (31%).

"I think we're all worried about how long we'll be working for - and the reality of finding jobs."

Other concerns among this group include not having the right skills to adapt to the changing job market (for example, due to widespread technological change) (19%) and a fear that the economic impact of the COVID-19 pandemic will make it harder to remain in work (17%).

These may be valid concerns. Despite being illegal, age discrimination is still prevalent in the UK. Workers aged 50 and over are more likely to face involuntary redundancy, and find it harder to get a new job compared to their younger counterparts.[105] They're also less likely to receive workplace training, which puts them at a disadvantage, especially as new technologies are adopted at a rapid pace.[106]

Barriers for carers

16% of our Gen Xers who aren't confident that they will be able to work for as long as needed, worry that caring responsibilities may prevent them from working longer-term. 14% mentioned caring for an adult who is unwell, while 4% suggested caring for grandchildren. 12% of all Gen Xers currently care for a friend or relative on at least a weekly basis, a figure which can only increase, with 7% already expecting to provide care for an adult in the next five years.

As people live longer, but not always in better health, the proportion of those requiring care at older ages is projected to increase in the UK,[107] which means that a greater share of Gen Xers will have care responsibilities relative to previous generations, and expect to be working during their peak caring years: 52 to 69.[108]

Previous research has identified that the need to care for someone with ill health is an important factor in older workers retiring early;[109] around 20% of carers give up employment to fulfil caring responsibilities.[110] However, in many cases this can be mitigated if employers are supportive and offer part-time opportunities and flexible hours.[111]

Opportunities to support Gen X

Overview

There's no one size fits all solution to secure the retirements of the UK's Gen X – it's a heterogeneous group in terms of income, employment, housing, health and caring responsibilities. But there are opportunities for the Government to make improvements across a range of areas.

There are opportunities to support longer and healthier working lives, including up-skilling and retraining workers to help them throughout their careers; initiatives to help more Gen Xers own their homes; technical adjustments to pension rules that will enable more people to save more and cope with financial emergencies; and better information, guidance and advice on retirement planning and saving.

Social and financial security – change and reform

To support the many Gen Xers facing affordability barriers to saving for retirement, action will be needed to tackle some of the wider socio-economic challenges they face. This includes removing barriers to working in later life, as well as providing more support to carers, renters and first-time buyers.

1. Improving access to work in later life

As many Gen Xers will rely on working longer to support themselves in retirement, it's vital that we address barriers to work. Older workers (aged 50+) are more likely to be made redundant and leave the labour market.[112]

The number one change that employees say could make a difference to their ability to work longer is greater flexibility.[113] Employers' adaptations in response to the COVID-19 pandemic have demonstrated that many more roles can be worked flexibly.[114] This means a significant opportunity to shift towards roles being 'flexible by default.' This would have enormous potential to enable more people to flex their work around their health needs, caring responsibilities and other priorities in later life.

It will also be vital to address the barriers caused by ageist attitudes in the workplace, by making sure that employees have access to redress.

Those who are working in mid and later life are being hit hard by the pandemic. They will need specific employment support to find new employment.[115]

Our policy recommendations

Address structural barriers to working longer:

- Require employers to make all jobs flexible by default so that employees can alter their working patterns and arrangements throughout their lives.

Improve access to redress for age discrimination:

- Review the mechanisms for enforcement of discrimination law, including allowing tribunals to consider cases of multiple types of discrimination involving age and other protected characteristics.

Provide additional support to mid and later life workers affected by the COVID-19 pandemic:

- Extend, or amend, the Government's Kickstart Scheme to all adult workers affected by the pandemic, including those aged 40 and over, who have marketable skills but are currently unemployed.
- Provide targeted back-to-work support to prevent unemployed workers aged 40 and over being left behind during the pandemic, making full use of training opportunities for those on UC.

2. Addressing barriers to work for those in poor health

Poor health is currently a significant barrier for Gen X; it's likely to affect more of this generation as they age, potentially damaging their ability to supplement their pension incomes with earnings in later life. But the challenges faced by people in poor health aren't insurmountable – studies find that when employers help older workers to accommodate long-term conditions and disabilities, and foster a more open culture in discussing health needs, this can make far more jobs viable and sustainable for people in poor health.[116]

Improving access to flexible work will be vital, but we must also act to ensure that employees can access support in adapting their work environment, practices and patterns. Although support is available to workers aged 16 and over with health conditions and disabilities, for instance, via the Government Access to Work programme, older workers are currently less likely than younger workers to use it.[117]

Our policy recommendations

- Provide new guidance to ensure that those with acquired disabilities can use Access to Work funds and that employers are aware of the requirements to make reasonable adjustments for them.
- Improve access to workplace support for people who develop health conditions, including access to occupational therapy.

3. Retraining and developing skills

Enabling more workers to retrain and develop their skills will be vital. Many in our survey expressed the desire to retrain and develop their skills:

- 14% of all Gen Xers said they believe that more support from the Government to change or extend jobs by developing skills and retraining would help them to save more.[au] This view was particularly supported by those who were on low incomes or unemployed, by those in low skilled jobs, and those with low education.
- Of those wanting more support to help them retrain, over a quarter (26%) have seen their employment prospects negatively affected by the pandemic, either by being furloughed (19%) or made redundant (7%); this is higher than the figures for Gen X overall (12% and 4%, respectively).
- Gen Xers whose poor health limits their ability to work are slightly more in favour of support for retraining than those in good health.

More could be done to improve training and development opportunities throughout people's lives. In 2020 the Government launched a 'Lifetime Skills Guarantee', but at present this is only available to those without A-levels, which excludes around 70% of Gen Xers.[118] There are also opportunities to improve access to the National Careers Service for older workers. There's also a particular case for more financial support for older workers who need retraining after the pandemic, including using the tax system to support self-employed people struggling with limited work who wish to retrain into new areas.

[au]Where respondents were asked to pick their top four policy suggestions out of a list of 11 policies.

Similarly, while apprenticeships are now available to older workers, incentives for employers to take on an apprentice are generally skewed towards younger workers, and many older workers aren't aware of the opportunity because apprenticeships are perceived as being for the young.[119]

Improving access to training will mean that more people will be able to have longer working lives.

Our policy recommendations

- Extend the Lifetime Skills Guarantee to cover all adults.
- Build on the National Careers Service in England to provide free online courses for qualifications up to at least NVQ level 3 (A level or equivalent), and raise awareness of the service among older and manual workers in particular.
- Provide targeted financial support, such as support with the costs of tuition and travel, to individuals in full-time training.
- Stimulate and incentivise the development of accessible vocational learning opportunities, such as online courses.
- Improve participation in apprenticeship programmes, including degree-level apprenticeships, among older adults, especially those from less wealthy socio-economic groups.
- Ensure that employer incentives to provide apprenticeships aren't restricted by age.
- Allow self-employed workers to offset all training costs against tax, not just those directly related to current roles.

4. More help for carers

Given the significant barriers to saving faced by Gen Xers with adult care responsibilities, we need meaningful policy opportunities to help this sub-group mitigate the financial costs of caring that relate to reduced employment.[av]

There is a need for action to assist more carers to combine care with work. Making employment flexible by default will be of significant benefit.

[av] See *Our findings: The most disadvantaged sub-groups*.

Alongside this, carers need access to paid carers' leave. We welcome the Government's consultation on the right to carers' leave (which closed on 3 August 2020) which proposed a right to one week's unpaid leave. However, we agree with Carers UK that more needs to be done. As a starting point, carers' leave should be paid; it would also be beneficial to increase the paid leave entitlement (over time) to 10 days, alongside a longer period of unpaid leave of up to six months.[120]

In our survey we also found support for schemes to provide financial support for working carers, to help them to remain in work. While some free childcare, and tax-free childcare support, is available to those with childcare responsibilities,[121] no such financial support is available for working carers with adult care responsibilities, although this is available in some other countries.[122] Addressing this gap will be vital.

Our policy recommendations

- Make all employment flexible by default and introduce further rights for carers as pledged in the 2017 Conservative manifesto.
- Introduce a right to 10 days paid carers' leave , with a longer unpaid leave period of up to six months.
- Review the scope for creating a more level playing field in terms of financial support for carers who want to work, regardless of the age of the person for whom they care.

5. Housing: supporting renters and first-time buyers

We found a significant gap between renters and homeowners in how prepared they are for retirement. We also found that renters are disproportionately likely to struggle to save for retirement, and that paying rent is crowding out pension savings for many private renters. Helping more Gen Xers to own a home presents an opportunity to reduce their outgoing costs and increase their ability to save for retirement.

Saving for a deposit on a property

Government-backed schemes to support saving for a deposit, such as Help to Buy and the LISA, are not yet sufficiently generous to have an impact. And the age limits on the LISA render it of little benefit to most Gen Xers– individuals can't open an account after they reach 40 and can't contribute to them after they reach 50.[123]

To properly incentivise and support more Gen Xers (in particular, younger cohorts) to buy a home, we need a new tax-incentivised savings vehicle. We propose a new opt-in vehicle available to employees who are first-time buyers. This through AE. will allow them to make regular automated contributions from their pre-tax earnings, alongside their pension contributions (with employer contributions going towards both pots).

We believe such a scheme would help break down a significant barrier to saving among younger Gen Xers, helping more people to buy a home, and creating a positive savings habit which could support longer-term retirement saving.

In our survey a quarter of younger private renters (aged 40 to 44) chose better support for saving for a deposit for their first home as one of four factors that would incentivise them to save more for retirement (compared to 19% of all Gen X private renters).

Increasing the supply of affordable housing

Although increasing housing supply is a slow process, our historically low interest rates make this a good time to build more housing.[124] Increasing incentives to build more housing suitable for retirees may also be especially effective. Previous research suggests that this could help to free up under-occupied houses and make housing more affordable in the long-term for first-time buyers.[125]

Making renting more affordable and improving renting standards

While these policies could help some Gen X renters, many may still be unable or unwilling to buy a home. If the status quo prevails, they will face greater barriers to saving and significant housing costs in retirement.[126] Taking action to control rent levels will therefore be vital. Shelter has called for landlords to be barred from raising rents above inflation, and for renters to be offered longer, five-year tenancies, to help renting become more affordable and give tenants greater security.[127]

Our policy recommendations

- Develop a new opt-in tax-incentivised savings vehicle, available to all employees through AE, to allow first-time buyers to save for a housing deposit via regular contributions from earnings *before tax*, while also contributing to a pension.
- Increase the upper age limit for opening a LISA from 40 to 55, remove the age limit for contributions, and increase the value of the government top-up.
- Address the shortage of retirement housing to ease under-occupancy in existing housing stock and free up more homes for Gen X up-sizers, renters and buyers.
- Review the system of setting fair rents, with rent increases limited to inflation except on appeal.
- Introduce options for longer letting agreements, giving tenants greater security, with clauses limiting the number of upward rent revisions in a given period.

Improving the pension system

Reducing constraints on saving is important, but this may not be enough if we fail to address saving inertia.[128] The success of AE has shown us that mechanisms which default to higher savings are effective in tackling retirement saving inertia.[129] Extending AE may benefit Gen X. This may be particularly effective if targeted at life stages when Gen Xers have fewer financial pressures and it offers financially constrained Gen Xers some degree of flexibility.

6. Increasing AE contributions and automatic escalation

"We need to make sure that the AE threshold comes down so that all earners are included and all workers. And that includes people below the current cap."

Nearly one in five of all our Gen X employees (19%) said that automatic increases to their regular AE pension contributions would help them save. This may particularly help employees who struggle to save due to reasons unrelated to affordability (those who aren't motivated to save more, or don't have the right information); this group were particularly likely to support this policy.

There are two main options here:

- Increasing AE minimum contributions
- Introducing auto-escalation mechanisms

The PLSA has proposed gradual increases to minimum AE contributions from the current 8% to 12%, taking effect between 2025 and 2030.[130] This would primarily help Gen Xers who will be aged 45-50 across the phased period; an additional 4% of contributions could be achieved over 13-18 years until they reach SPA.

Another option would be to escalate people's contributions as their salary increases (above inflation). Some 22% of our Gen X employees agreed that automated contribution uplifts following a pay increase or promotion would also help. Automatic escalation has its roots in the Save More Tomorrow (SMarT) behavioural solution, which entails users committing in advance to allocate a portion of future salary increases toward retirement savings.[131] A study following one such SMarT programme saw saving rates increase from 3.5% to 13.6% over the course of 40 months.[132] As such, similar mechanisms have the potential to improve the pension provisions of those aged 40-55 and help Gen Xers to save when they are less financially constrained. This may be more effective if we make provisions to enable higher contribution rates to be maintained (or increased) if an employee moves job to one that pays an equal or higher salary.

Gen Xers who said that they couldn't afford to save more preferred this policy to flat increases. Previous research also found that Gen Xers are most likely to say that a pay rise would trigger them to make higher pension contributions (26%), ahead of prompts from an employer (13%) or better financial performance by their employer (9%).[133]

Our Gen Xers with low incomes (£15,000) were the least likely to say these policies would help them save.[aw] This may be because members of this sub-group do not expect to receive pay rises, or because they believe that they couldn't afford increased contributions.

[aw] Gen X employees surveyed, whose personal incomes are <£15,000 were less likely to respond that auto-escalation (15% vs 27%) and increased minimum contributions (15% vs 23%) would help them to save compared to employees with incomes >£39,000.

"I think it's key that people have more money in their pocket.....There is an obvious solution to that, which is increasing the minimum employer contributions to enrolment. At the minute, 3% is just incredibly low."

However, when policymakers have considered increasing minimum AE rates in the past, concerns have been raised that this could lead to more Gen Xers opting out of pensions, or saving more than they could afford.[134] One way to mitigate this risk could be to offer a safety-net mechanism, primarily for those who choose to opt out. Such a system could offer employees who want to opt out an alternative option of contributing at a 'sub-minimum' rate, so that they can at least start some degree of saving. This could be subject to six-monthly reviews or a pre-commitment to automatically pay the default rate in future, to make it more likely that they will save more when they can.

7. Increasing employer contributions

Increasing employer pension contributions would be a good way to help those most vulnerable to insecurity in retirement, as it would avoid additional burdens for those on low incomes. It could also be effective in encouraging more people to save. Previous research indicates that employer contributions are particularly effective in encouraging employee contributions.[135] When we asked our Gen X employees which four factors would incentivise them to save more, 44% of them selected raising employer contributions.

However, increasing employer contributions increases the cost of labour and could lead to unintended consequences such as lower pay increases, since both will come out of the same budget envelope for employers.[136] A phased approach, as happened with the introduction of AE, would give employers, including those hit by the COVID-19 pandemic,[137] time to plan for increases in their contribution rates.[138] However this would need to be traded off against ensuring that Gen Xers benefit in time.

"Auto-enrolment is a good start. But actually, for a lot of people, the amounts going in are quite trivial .....what's that really going to do for you when you start to rely on that income?"

8. Supporting those who are not auto-enrolled

There are two key groups who are ineligible for AE, who may be disadvantaged because of this: low earners and the self-employed.

The LEL means that individuals earning below £6,240 per year[139] aren't eligible for employer contributions. This is in addition to failing to qualify for AE, as they fall below the earnings threshold of £10,000.[140] This disadvantages those with low incomes and part-time workers and explains why a significant proportion of these sub-groups have no pension savings. Removing the LEL would require employers to contribute from the first £1 earned by employees. While the 2017 review of AE proposed this,[141] it has yet to be implemented. It's estimated that removing the LEL would create an additional £2.6 billion in annual pension savings, but at an equivalent cost to employers.[142]

This policy would be popular among low earners and may incentivise higher contributions; of our Gen X employees with incomes <£5,000,[ax] nearly four out of every ten (39%) said that "making it easier for those on lower earnings to be able to qualify for pension contributions from their employer" would incentivise them to save more.

There are opportunities to draw on the learning from AE to overcome savings inertia among self-employed people. There may be potential to use their annual tax returns as a mechanism for a form of AE, either into a pension or a sidecar savings vehicle (discussed below).

9. Nudging savings

Another key opportunity exists to support the Gen Xers who do have disposable income to invest in pensions. 91% of Gen X homeowners who have a mortgage expect to pay it off by the time they retire, but few opt to put their freed-up income into pensions once they've done so. There may be potential to support Gen Xers in increasing their savings at key moments where affordability increases for them, such as when they have paid off debts, like a mortgage or a student loan, by providing prompts or automatic mechanisms to tackle inertia.

[ax] Although our survey didn't collect data on earnings, employees with personal incomes (which include earnings, as well as other forms of income, such as housing rents) under £5,000 will all be earning below the LEL.

Our policy recommendations

- Work with mortgage providers and the student loan company to introduce nudges that will encourage those who pay off these debts to start saving into pensions.
- Remove the LEL for AE contributions so that employer contributions start from the first pound earned.
- Set out a timetable to increase current default AE contribution rates, incorporating both employer and employee contributions.
- Develop a mechanism (with opt-out options) for auto-escalation of employee contributions to be applied at the point of pay increases with immediate effect, and commit to phasing in matched employer contributions.
- Explore mechanisms for extending AE to self-employed adults – potentially via the tax system – with an option to save into either a traditional pension or a sidecar savings vehicle

10. Sidecar savings vehicle

"I think products like the sidecar are potentially quite useful. And I think creating vehicles that enable you to manage when you've built up enough rainy-day money and then save the rest of it, I think are potentially more effective for people who are self-employed."

Many of our recommendations that involve building on AE may not be suitable for Gen Xers whose barriers to affordability tend to vary: in particular, those with insecure outgoings and earnings. This is especially common among the self-employed[143] and those with low incomes, including those who earn below the AE earnings threshold (£10,000). Here a flexible saving approach may be needed to enable people to respond to income shocks and ensure they have emergency savings to fall back on. (Despite the need for emergency savings, over half of our Gen Xers with incomes <£10,000 (56%) said they rarely or never save for a rainy day).

think it's about [having] a product that really responds the way in which people, who are self-employed, have to manage their working lives and their money, through their lives."

The sidecar savings model, developed by the UK Government pension provider Nest, responds to these challenges. In these schemes, individuals commit to regular automatic payments into an accessible savings account (for emergency savings); any additional savings above an agreed target are rolled over into a pension.[144]

These schemes help tackle the inertia to saving, by enabling people to commit to saving in future[145] while having the comfort of a lump sum available for emergencies. NEST is looking into using an AE mechanism to encourage take-up, based on initial trial results.[146]

This scheme is relatively popular among disadvantaged groups within Gen X: the self-employed were twice as likely to favour a sidecar saving scheme than automatic increases or uplifts in contributions, while those with incomes of less than £10,000 per year, were around three times as likely.[ay]

NEST research supports this; they found that people with low to moderate incomes particularly supported the sidecar idea.[147] Nest also plan to trial a form of sidecar savings with self-employed workers, highlighting the potential benefits for this group.[148]

Our policy recommendations

- Increase access to sidecar savings vehicles, in particular by enabling employees to use sidecars alongside their workplace pensions and to make contributions directly from their salaries.
- Explore ways to auto-enrol employees earning below the AE earnings threshold into a sidecar savings vehicle linked to a pension that receives the same benefits as a conventional AE scheme.

11. Opportunities to improve tax relief

Our analysis finds that Gen Xers with low incomes and those who are self-employed (who are more likely to be low earners)[149] have relatively limited pension savings and say that affordability is a barrier to saving. However, given that tax relief is, by definition, greatest for

[ay] 16% of our self-employed Gen Xers supported sidecar savings, compared to 7% supporting automatic increases in contributions and 9% supporting automated uplifts following a pay rise/promotion. Among those whose incomes are below £10,000, 21% said that a sidecar savings scheme would help them to save more, while 7-8% said that automatic increases or automated uplifts in contributions would.

higher earners who contribute more and have a higher tax rate; 40% of Government spending on pension relief currently goes to the top 10% of earners.[150]

Moving to a system of flat-rate tax relief across all pensions savings could boost the pension pots of lower earners; a flat rate of 30% could increase the proportion of DC pension tax relief going to basic rate taxpayers by 16 percentage points, benefiting three-quarters of earners and being broadly cost-neutral to the Government.[151] This could also add to the relatively few incentives for the self-employed to save into a pension.[152] However, the limited understanding of tax relief among Gen Xers may hinder any potential behaviour change.

There are risks to this policy; both implementation challenges and significant, one-off administrative costs for schemes, providers and employers, as well as unknown behavioural effects, all of which should be explored in full before implementing any reforms.[153]

Changes to tax relief may not benefit those without a pension if they're economically inactive due to poor health, are taking a career break, or if their earnings are below the AE threshold. However, there may be opportunities to address this by building on the mechanisms already in place to allow individuals to make limited payments[az] into another person's pension.

Our policy recommendations

- Consult on moving to a 30% flat rate for tax relief on pension contributions.
- Allow individuals to share their annual allowance for pension contributions with another person who is unable to contribute to their own pension, for example due to caring responsibilities or poor health.

Increasing engagement with retirement planning

Lack of information is a barrier to saving for some Gen Xers; the majority would value receiving more information. But the cost of advice, and a lack of awareness of available guidance options, prevent many from receiving this.

[az] The amount is limited to the earned income of the recipient (or £3,600 p.a. gross, whichever is greater).

Figure 18 displays the relative popularity of a range of ways of accessing information, advice or guidance among our Gen Xers. When asked to choose up to four options, 40% said a website where they can see all their pension savings in one place would help make it easier to plan for retirement; 36% selected simple rules of thumb setting out how much they'd need to save to achieve a target level of income. Significant percentages would also like to see more affordable financial advice - especially if that were face-to-face.

Figure 18: What Gen Xers think would make planning for retirement easier

Percentages do not add up to 100 since respondents could select up to four options. The proportion of respondents that selected "Don't know" (17%) or "None of these" (15%) are also not included.
Percentages represent the proportion of all Gen Xers surveyed.
Source: YouGov survey, 13–24 November 2020

12. Making it easier for people to understand if their pensions are on track

Our findings suggest enthusiasm for the kind of resource envisaged by the Government in the creation of its Pensions Dashboard.[154] But the Dashboard's success will depend on the information it contains, how up to date it is, and whether it's easy to understand and operate. At its simplest it would cover all pension types, including the state pension as well as DB and DC schemes. All the information should be clear, concise, accurate and time stamped.

Our survey shows that Gen Xers generally don't know the level of pension contributions needed to achieve an adequate retirement lifestyle; the Dashboard may help with this. The IFoA has estimated approximately how various pension saving rates will translate into living standards in retirement based on PLSA research.[155]

Since many Gen Xers expect to work past the SPA – especially in a part-time role – enabling Dashboard users to vary pension forecasts for different retirement ages could be useful.

Our policy recommendation

- Formalise simple rules of thumb for the saving levels required to achieve different levels of income in retirement, so that people can understand the pension savings they have and what they can deliver; incorporate these into the Pensions Dashboard.

13. Increasing guidance uptake

Gen Xers also expressed an interest in free guidance. More than one in five of all our Gen Xers said an invitation to a free guidance session would help increase their awareness about retirement planning (Figure 17).

The Government acknowledges that existing arrangements are failing to reach enough people and is trialling new ways to increase uptake of the service.[156] It's worth trialling guidance offered on an opt-out basis; the success of AE shows how effective a default option can be, while research by Just Group found that only one in 25 would opt out of free pensions guidance if they were auto-enrolled.[157] However, there would be practical issues to overcome, including the cost of providing guidance and the workforce needed to supply it. Given that previous research finds that minority ethnic groups have relatively low pension wealth,[158] while we find that Gen Xers who don't have British nationality may be less aware "that free guidance is available to them", there may be room to increase the awareness of Pensions Wise guidance among minority ethnic groups.

There's also scope to build on existing guidance services to offer a service to younger Gen Xers that mainly focuses on accumulation rather than decumulation. Gen Xers aged less than 50 have the most to gain from making changes to their savings patterns,[159] but they aren't offered free face-to-face or phone guidance by the Government. The guidance sessions offered by Pensions Wise are focussed on informing people of the decumulation options under the pension freedoms,[160] rather than accumulation options - i.e. how to draw down their pensions rather than build them up.[161]

As they go through life, Gen Xers will likely experience a range of significant transitions including changing job, moving home/paying off the mortgage, needing to provide care, deteriorating health, and separation. Compared to our overall sample of Gen Xers, more of those expecting to become carers were likely to say they'd value free guidance on retirement planning (62% vs 52% for all Gen Xers), as well as those who say looking for a new job/who have recently changing jobs is a reason for not contributing more to their pension (63% vs 52% across all Gen Xers). These points of transition may serve as useful opportunities to further engage Gen X members in retirement planning.

Gen X employees want to access guidance at work. 27% of our Gen X employees were in favour of employers organising free sessions discussing retirement planning at work to make it easier for them to plan for retirement. This rose to 30% of Gen X employees who said they have "too many other priorities to think about retirement," and 37% of those who said that they "don't know where to get free guidance."

Some large employers already offer workplace guidance in the form of a mid-life MOT, a review that enables employees in their 40s, 50s and 60s to assess their health, skills and finance.[162] An initial evidence review of a trial by Aviva indicates positive outcomes for both employers and employees.[163]

Although the Government has created a website that includes guidance on key mid-life MOT topics,[164] face-to-face MOTs are only offered by a few large employers.[165] More support will be needed to enable smaller businesses to offer MOTs. Another option would be for pension providers to offer pension education interventions to their clients when they reach 45 and 50.

There may be other opportunities at key life transition points for employers to engage employees in retirement planning. At present half of all UK workers are unaware they even have a pension, which makes it unlikely they will increase their contributions without prompting.[166] When employees start a new job, or are promoted, there is an opportunity for employers to offer information around pension contribution options. As noted above, we know that people going through these transitions are more likely to want guidance.

Our policy recommendations

- Explore ways to increase the awareness of Pensions Wise guidance, especially for those from minority ethnic communities, and continue trials to increase uptake.
- Trial Pensions Wise guidance sessions for people aged 40 and over, focussed on accumulation for retirement.
- Encourage more employers to offer mid-life MOTs and encourage pension providers to offer mid-life pension education interventions.
- Require employers to give new and newly-promoted employees information about pension contributions and how they affect living standards in later life.

14. Reforming financial advice

Our Gen Xers were particularly keen on more options for "cheaper face-to-face financial advice," indicating that a face-to-face element may be important to many (Figure 17). This supports recent ILC research findings that the wider psychological benefits from receiving financial advice often arise from the relationship brought about by face-to-face/phone interaction.[167] Many of our Gen X employees also support the idea of receiving financial advice as part of their employee benefits. One way to achieve this could be for employers to subsidise an initial consultation with a financial adviser as an employee benefit: something that a number of employers already do. This was the most popular of the initiatives we suggested to our Gen X employees: 23% selected it.

While a growing number of employers offer financial advice as part of their employee benefits,[168] most don't; among those that don't, the majority don't plan to do so in the future.[169] This is in spite of the fact that the Government already offers limited tax-relief incentives on employer-related financial advice,[170] as well as the opportunity for most individuals with a DC pension scheme to take money from their pension to pay for financial advice (up to £1,500 a year).[171] Better ways to incentivise employers may be necessary.

"I think [advice] would help to give people the information they need, rather than just supplying loads of brochures and signposting people...I think if everyone could get even half an hour in their workplace with a good qualified financial adviser, they'd all come out feeling a little bit more financially empowered."

A final option being developed by the financial advice industry, with support from the FCA, is to develop cheaper, more accessible, 'robo-advice' tools. These are automated online platforms that use algorithms to guide consumers through their options, intended for those currently excluded from other sources of advice or guidance.[172] While only 13% of our Gen Xers aged 50 to 55 said that cheaper automated financial advice on a digital device would help them plan for retirement, this rose to 17% of Gen Xers aged 40-44, and 21% of younger Gen Xers who "have too many priorities to think about retirement". This indicates that robo-advice may be more popular among those that are time-pressed and dealing with other pressures and priorities, who may benefit from its accessibility.

Our policy recommendations

- Review employer incentives to offer financial advice in the workplace, and consider incentivising employers to offer group sessions for employees aged 40 and over.
- Build on the Financial Conduct Authority (FCA) and financial advice industry's work to develop robo-advice or low-cost digital video-based services for pensions advice. Ensure tools are accessible and quality-assured by industry.

Conclusion

Generation X have seen a number of social and economic shifts during their lifetime, along with changes to the pensions landscape during the peak of their working lives. These changes will influence their lifestyle in retirement; some have offered new opportunities to work and save, but many have hindered their retirement prospects.

This report shows that, while some may be well prepared for retirement, many Gen Xers' current savings are far from sufficient for a comfortable retirement. A significant proportion of this generation – just under one in three – are on track for considerable financial disadvantage in later life.

The majority say they want to save more, but are struggling to do so, hindered by a multitude of barriers that affect different age cohorts within this generation differently.

The most important barrier facing Generation X is affordability. Gen Xers may struggle with significant housing costs – both renters and those with mortgages – alongside limited income, in part as a result of the impact of poor health and caring responsibilities on work prospects. This generation is also increasingly managing insecure incomes, and is fearful of unexpected expenses.

Alongside practical barriers, Gen Xers also feel overwhelmed by these competing priorities and are unable to think about retirement savings.

Many Gen Xers plan to work for longer to boost their income in retirement, but some fear this will be difficult, due to poor health, age discrimination and skills gaps.

However, the barriers to saving do not fall equally on all in this generation. Policy makers will need to focus their attention on the most disadvantaged, such as the self-employed, low earners, those with low levels of education, carers and those whose health limits their ability to work.

We have proposed a range of solutions to address the issues faced by Gen X in the short term, and to build a more sustainable future for all generations. With some Gen Xers retiring in just over a decade the need to act is urgent.

Policy recommendations

Urgent priorities for the government

To increase levels of saving:

- Develop a mechanism (with opt-out options) for auto-escalation of employee contributions to be applied at the point of pay increases with immediate effect, and commit to phasing in matched employer contributions.
- Set out a timetable to increase current default AE contribution rates, incorporating both employer and employee contributions.
- Increase access to sidecar savings vehicles, in particular by enabling employees to use sidecars alongside workplace pensions, and to make contributions directly from their salaries.
- Work with mortgage providers and the student loan company to introduce nudges that will encourage those who pay off these debts to start saving into a pension.
- Formalise simple rules of thumb for the saving levels required to achieve different levels of income in retirement, so that people can understand the pension savings they have and what they can deliver; incorporate these into the Pensions Dashboard.
- Encourage more employers to offer mid-life MOTs and require pension providers to offer mid-life pension education interventions.
- Increase the upper age limit for opening a LISA from 40 to 55, remove the age limit for contributions, and increase the value of the Government top-up.

To enable more of Gen X to work longer:

- Require employers to make all jobs flexible by default so that employees can alter their working patterns and arrangements throughout their lives.
- Provide new guidance to ensure that those with acquired disabilities can use Access to Work funds and that employers are aware of the requirements to make reasonable adjustments for them.

- Review the mechanisms for enforcement of discrimination law, including allowing tribunals to consider cases of multiple types of discrimination involving age and other protected characteristics.
- Provide targeted back-to-work support to prevent unemployed workers aged 40 and over being left behind during the pandemic, making full use of training opportunities for those on UC.
- Extend, or amend, the Government's Kickstart Scheme to all adult workers affected by the pandemic, including those aged 40 and over, who have marketable skills but are currently unemployed.
- Improve access to workplace support for people who develop health conditions, including access to occupational therapy.

To address the needs of particularly disadvantaged Gen X sub-groups:

For renters and first-time buyers:

- Develop a new opt-in tax-incentivised savings vehicle, available to all employees through AE, to allow first-time buyers to save for a housing deposit via regular contributions from earnings *before tax*, while also contributing to a pension.
- Review the system of setting fair rents, with rent increases limited to inflation except on appeal.
- Introduce options for longer letting agreements, giving tenants greater security, with clauses limiting the number of upward rent revisions in a given period.

For low earners:

- Remove the LEL for AE contributions so that employer contributions start from the first pound earned.
- Explore ways to auto-enrol employees earning below the AE earnings threshold into a sidecar saving vehicle linked to a pension, which receives the same benefits as all other employees.

For the self-employed:

- Explore mechanisms for extending AE to self-employed adults – potentially via the tax system – with an option to save into either a traditional pension or a sidecar savings vehicle.

For carers:

- Make all employment flexible by default and introduce further rights for carers as pledged in the 2017 Conservative manifesto.
- Introduce a right to 10 days of paid carers' leave, with a longer unpaid leave period of up to six months.
- Develop a system of tax-free carers vouchers to help people use paid-for adult care services.
- Review the scope for creating a more level playing field in terms of financial support for carers who want to work, regardless of the age of the person for whom they care.

For people from minority ethnic communities:

- Explore ways to increase the awareness of Pensions Wise guidance, especially for those from minority ethnic communities, and continue trials to increase uptake.

While these actions are the most urgent, we have identified further opportunities for the government, to act to improve the prospects of Gen X, as well as other generations to come.

Additional priorities

Addressing barriers to saving

Better training for longer working lives

- Extend the Lifetime Skills Guarantee to cover all adults.
- Build on the National Careers Service in England, to provide free online courses for qualifications up to at least NVQ level 3 (A level or equivalent), and raise awareness of the service among older and manual workers in particular.
- Provide targeted financial support, such as support with the costs of tuition and travel, to individuals in full-time training.
- Stimulate and incentivise the development of accessible vocational learning opportunities such as online courses.
- Improve participation in apprenticeship programmes, including degree level apprenticeships, among older adults, especially those from less wealthy socio-economic groups.

- Ensure that employer incentives to provide apprenticeships aren't restricted by age.
- Allow self-employed workers to offset all training costs against tax, not just those directly related to current roles.

More affordable housing

- Address the shortage of retirement housing, to ease under-occupancy in the existing housing stock and free up more homes for Gen X up-sizers, renters and buyers.

Supporting retirement planning

Improving tax incentives:

- Consult on moving to a 30% flat rate for tax relief on pension contributions.
- Allow individuals to share their annual allowance for pension contributions with another person who is unable to contribute to their own pension, for example due to caring responsibilities or poor health.

Better access to guidance:

- Trial Pensions Wise guidance sessions for people aged 40 and over, focusing on accumulation for retirement.
- Require employers to give new and newly-promoted employees information around pension contributions and how they affect living standards in later life.

Better access to advice:

- Review employer incentives to offer financial advice in the workplace, and consider incentivising employers to offer group sessions for employees aged 40 and over.
- Build on the FCA and financial advice industry's work to develop robo-advice or low-cost digital video-based services for pensions advice. Ensure tools are accessible and quality-assured by industry.

Appendix: measures of disadvantage

To assess which sub-groups are likely to be the most disadvantaged in retirement, we consider the following criteria as measures of disadvantage:

Criterion 1: Pension savings are likely to deliver a minimum or lower than minimum standard of living in retirement (i.e. they're not saving enough)

- To measure this, we use the same criteria used to measure inadequate pension savings in the section **Is Gen X prepared for retirement:**[ba]

Those who match this criterion may be most at risk of having a minimum or below-minimum standard of living in retirement[bb] based on IFoA estimates using PLSA standards.[173]

Criterion 2: No pension savings at all

Criterion 3: Respondents expect to have to rely mainly on the state pension in retirement

- Unlike criteria 1 and 2, this also takes non-pension related income/assets into account.

Table A1 ranks the 10 most disadvantaged sub-groups, based on each of these criteria. These sub-groups are defined in Table A2.

[ba]This includes those who contribute 5% of their earnings or less into a pension, those who have no DB pension savings or who have significant gaps in their pension savings, as well as those who are unaware that that they have any pension savings at all.

[bb]The IFoA estimates that individuals who contribute at least 5% of their earnings into a pension should have enough to satisfy a minimum income standard in retirement (assuming their employer also contributes at a minimum). Yet to meet this criteria, individuals must not only contribute at 5% or below, they also must have significant gaps in their pension contributions, which would then mean they are more likely to be at risk of missing out on meeting this income standard.

Table A1: 10 most disadvantaged Gen X sub-groups in terms of retirement prospects

Order	I am not saving enough	I have no pension	I expect to have to rely mainly on the state pension
1	Receiving benefits	Receiving benefits	Receiving benefits
2	Unemployed	Health limits work	Unemployed
3	Health limits work	Unemployed	Renter
4	Low income	Renters	Health limits work
5	Renter	Low income	Low income
6	Low educational attainment	Low educational attainment	Low educational attainment
7	Career break (other)	Self-employed	Career break (other)
8	Self-employed	Carer	Student debt
9	Those without British nationality	Career break (other)	Carer
10	Career break (childcare)	Career break (childcare)	Divorced or separated

Table A2: Sub-group definitions of terms used in Table A1

Criteria (in alphabetic order)	Definition
Career break (childcare)	Have taken a career break to care for children
Career break (other)	Have taken a career break for other reasons
Carer	Provide care to an adult on at least a weekly basis
Divorced or separated	Separated or divorced
Low educational attainment	Education less than or equal to GCSE or equivalent
Low income	Gross personal income is <£15,000
Those without British nationality	Do not have British nationality
Health limits work	Ability to work is limited by poor health or a disability
Receiving benefits	In receipt of income support, housing benefit and/or other means tested benefits
Renters	Social renter or private renter
Self-employed	Self-employed
Student debt	Paying off student loan
Unemployed	Seeking work

Table A3 also displays how the measures of expected disadvantage in retirement (criteria 1 to 3) differ by age, education, housing tenure, health status, etc. Rather than comparing against all other sub-groups, this enables us to assess how a particular sub-group compares to Gen Xers who are not in that sub-group, e.g. renters vs homeowners and part-time workers vs full-time workers etc. Table A3 also notes the population size of each sub-group and includes a wider set of sub-groups than included in table A1.

Table A3: Measures of expected disadvantage in retirement[bc]

Criterion	Alternative	I am not saving enough (%)²	I have no pension (%)	I expect to mainly rely on the state pension (%)	Estimated sub-group size (millions)
	All	30	14	18	13.8
Age	40 to 44	32*	16*	15*	4.3
	50 to 55	28	12	21	5.2
Health limits work	Yes	53*	34*	32*	2.1
	No health problems	25	10	15	8.1
Education	Low	45*	25*	27*	3.0
	High	25	11	16	9.7
Income	Low	47*	27*	30*	3.0
	Middle	26*	10*	20*	5.1
	High	13	4	7	3.2
Debt	Student debt	32	14	26*	0.7
	No student debt	30	14	18	13.1
Receiving benefits	Yes	64*	43*	41*	1.2
	No	27	11	16	12.6
Employment	Unemployed	56*	34*	33*	1.1
	Employed	22	8	15	10.5
Nationality	Non-British	39*	19*	20	13.1
	British	29	14	18	0.6
Carer	Yes	35*	20*	25*	1.7
	No	29	13	17	12.1
Working hours	Part time	31*	14*	16	2.5
	Full time	20	6	14	8.0
Gender	Female	31	16*	19	7.0
	Male	29	12	16	6.8
Employment type	Self-employed	39*	24*	15	1.9
	Employee	19	5	15	9.0
Career break	Yes (childcare)	35*	20*	23*	1.2
	Yes (other)	43*	20*	27*	0.8
	No	29	13	17	11.9
Marital status	Divorced/ separated	29	13	25*	1.2
	Married	25	11	15	6.9
Living arrangements	Live alone	34*	17*	24*	2.6
	Do not live alone	28	13	17	10.9
Housing	Renters	48*	28*	32*	3.5
	Owners	22	8	13	9.7

**This denotes that this estimate is statistically significantly different (at the 95% confidence level) to the estimate in the* bottom row of each criterion.

[bc]The percentages in Columns 3 and 5 are the proportion of all respondents who are yet to retire. The percentages in Column 4 are the proportion of all Gen Xers surveyed.

Which sub-groups are more likely to have limited or no pension savings?

The following sub-groups are especially disadvantaged (see Tables A1 and A3):

- Those on benefits
- The unemployed
- Renters
- Those with poor health that limits their ability to work
- Those on relatively low incomes (<£15,000)
- Those with relatively low educational achievement
- The self-employed
- Those who have taken a career break to care for children OR other reasons (e.g. redundancy)
- Those who do not have British nationality
- Carers

Which sub-groups expect to mainly rely on the state pension in retirement?

In general, sub-groups with a high proportion of Gen Xers with inadequate pension savings also have a large share who expect to mostly rely on the state pension in retirement. On top of limited pension savings, these Gen Xers in these groups won't expect to have other income, such as other savings and investments, an inheritance, support from a partner, income from the property that they live in (by releasing equity release or downsizing) or other property wealth, rendering them especially vulnerable.

However some sub-groups, such as the self-employed, part-time workers, and women, despite being disproportionately likely to have inadequate pension savings, stated that they don't expect to rely on the state pension. They may be more likely than the average Gen Xer to expect other forms of income to support them in retirement; many women and many part-time workers, expect a partner or family member to support them in retirement.[bd] This could leave them financially vulnerable in the event of divorce or separation.

Many self-employed workers stated that they would rely on property, which may also be over-optimistic.

Younger Gen Xers, despite being more likely to have limited pension savings, were more likely to say they will reply on the state pension (Table A3). Older Gen Xers may have more realistic expectations for retirement than their younger counterparts.

In contrast, those who are separated or divorced, and those who have student debts, are particularly likely to rely on the state pension, while being only very slightly disadvantaged compared to other sub-groups. One explanation is that these groups are relatively likely to be renting, with potentially high housing costs in later life.[174] They are also considerably less likely to expect other forms of income, e.g. those who are divorced or separated expect significantly less support from their family or partner, or other savings and investments, than married respondents.[be] This indicates that many Gen Xers are relying on many factors beyond their pension savings; those without that additional support may feel particularly vulnerable.

[bd]22% of part-time workers surveyed expect to partly rely on their partner/ a family member to support them in retirement as a source of income compared to 14% of full-time workers. Similarly 18% of women surveyed say this compared to 10% of men.

[be]Fewer divorced or separated Gen Xers said they would rely on a partner or family member (2% vs 22%) or savings and investments (17% vs 29%) than those who are married or in a civil partnership.

References

[1]The Pensions Regulator. (2019). *Automatic enrolment Commentary and analysis: April 2018-March 2019*. Available at: https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/automatic-enrolment-commentary-analysis-2019.ashx

[2]FT Adviser. (2019). *Auto-enrolment reaches 10 million people*. Available at: Auto-enrolment reaches 10 million people - FTAdviser.com

[3]Department for Work and Pensions. (2020). *Workplace Pension Participation and Savings Trends of Eligible Employees Official Statistics: 2009 to 2019*. Available at: Workplace Pension Participation and Savings Trends of Eligible Employees Official Statistics: 2009 to 2019

[4]The Pensions Policy Institute. (2019). *Generation VeXed: solving the retirement puzzle.* Available at: 2019-11-07 Generation veXed: solving the retirement puzzle | Pensions Policy Institute

[5]Office for National Statistics. Population estimates.

[6]Ibid

[7]Dunstan Thomas. (2020). *Exploring the retirement prospects of Generation X: Consumer study*. Available at:https://www.dthomas.co.uk/content/fs/downloads/GenX.pdf

[8]Office for National Statistics. (2020). *Employee workplace pensions in the UK: 2019 provisional and 2018 final results*. Available at: Employee workplace pensions in the UK - Office for National Statistics

[9]Office for National Statistics. Wealth and Assets Survey. Data request – 2020.

[10]Office for National Statistics. (2020). *Gender pay gap in the UK: 2020*. Available at: Gender pay gap in the UK - Office for National Statistics (ons.gov.uk); SN06838.pdf

[11]The Money Advice Service. (2021). *How much does the average mortgage cost?* Available at: https://www.moneyadviceservice.org.uk/blog/how-much-does-the-average-mortgage-cost

[12]Pensions Age. (2019). UK workers plan to retire before state pension age. Available at: https://www.pensionsage.com/pa/UK-workers-plan-to-retire-before-state-pension-age.php

[13]Mayhew, L. (2019). *Last time buyer: housing and finance for an ageing population.* Available at: csfi.pdf (thinkhouse.org.uk)

[14]Bank of England. (2020). *Official Bank Rate history*.

[15]Ibid

[16]Dunstan Thomas. (2020). *Exploring the retirement prospects of Generation X: Consumer study*. Available at: https://www.dthomas.co.uk/content/fs/downloads/GenX.pdf

[17]Office for National Statistics. (2020). *Average weekly earnings in Great Britain: October 2020.* Available at: Average weekly earnings in Great Britain - Office for National Statistics (ons.gov.uk)

[18]Dunstan Thomas. (2020). *Exploring the retirement prospects of Generation X: Consumer study*. Available at: https://www.dthomas.co.uk/content/fs/downloads/GenX.pdf

[19]The Pensions Policy Institute. (2019). *Generation VeXed: solving the retirement puzzle.* Available at: 2019-11-07 Generation veXed: solving the retirement puzzle | Pensions Policy Institute

[20]Office for National Statistics. (2020). Employment in the UK: October 2020. Available at: Employment in the UK - Office for National Statistics (ons.gov.uk)

[21]The Pensions Policy Institute. (2019). *Generation VeXed: solving the retirement puzzle.* Available at: 2019-11-07 Generation veXed: solving the retirement puzzle | Pensions Policy Institute

[22]House of Commons Library. (2020). *Women and the Economy*. BRIEFING PAPER Number CBP06838.

[23]Ibid

[24]Office for National Statistics. (2018) *Trends in self-employment in the UK.* Available at: Trends in self-employment in the UK - Office for National Statistics (ons.gov.uk)

[25]The Pensions Policy Institute. (2019). *Generation VeXed: solving the retirement puzzle.* Available at: 2019-11-07 Generation veXed: solving the retirement puzzle | Pensions Policy Institute

[26]Franklin, B. Beach, B. Bamford, S and Creighton, H. (2014).*The Missing Million: Illuminating the employment challenges of the over 50s*. International Longevity Centre-UK. Available at: https://www.bl.uk/collection-items/missing-million-illuminating-theemployment-challenges-of-the-over-50s

[27]Ibid

[28]Ibid

[29]Ibid

[30]The Pensions Policy Institute. (2019). *Generation VeXed: solving the retirement puzzle.* Available at: 2019-11-07 Generation veXed: solving the retirement puzzle | Pensions Policy Institute

[31]Institute and Faculty of Actuaries. (2020). *Savings goals for retirement series Paper 2: Moving between goals.* Available at: Paper 2 - Moving between goals.pdf (actuaries.org.uk)

[32]Institute and Faculty of Actuaries. (2020). *Savings goals for retirement: policy briefing.* Available at: Saving Goals for Retirement V08.pdf (actuaries.org.uk)

[33]Institute and Faculty of Actuaries. (2020). *Savings goals for retirement: policy briefing.* Available at: Saving Goals for Retirement V08.pdf (actuaries.org.uk)

[34]Institute and Faculty of Actuaries. (2020). *Savings goals for retirement series Paper 2: Moving between goals.* Available at: Paper 2 - Moving between goals.pdf (actuaries.org.uk)

[35]Institute and Faculty of Actuaries. (2020). *Savings goals for retirement series Paper 2: Moving between goals.* Available at: Paper 2 - Moving between goals.pdf (actuaries.org.uk)

[36]Cabinet Office. (2014). *Civil Service Pension Scheme.* Available at: https://www.civilservicepensionscheme.org.uk/media/94828/con-doc-dc-arrangements.pdf

[37]The Office for National Statistics estimates that the majority (70%) of employees with an occupational DC pension received between 2% and less than 8% of their pensionable earnings from their employers in 2019. See: Office for National Statistics. (2020). *Employee workplace pensions in the UK: 2019 provisional and 2018 final results*. Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions/bulletins/annualsurveyofhoursandearningspensiontables/2019provisionaland2018finalresults; Institute and Faculty of Actuaries. (2020). *Savings goals for retirement series Paper 2: Moving between goals.* Available at: Paper 2 - Moving between goals.pdf (actuaries.org.uk)

[38]The Pensions Policy Institute. (2019). Approaching the endgame: The future of Defined Benefit pension schemes in the UK. Available at: 20191029-db-endgame-report-final.pdf (pensionspolicyinstitute.org.uk)

[39]The Office for National Statistics estimates that the majority (70%) of employees with an occupational DC pension received between 2% and less than 8% of their pensionable earnings from their employers in 2019. See: Office for National Statistics. (2020). *Employee workplace pensions in the UK: 2019 provisional and 2018 final results*. Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions/bulletins/annualsurveyofhoursandearningspensiontables/2019provisionaland2018finalresults.

Institute and Faculty of Actuaries. (2020). *Savings goals for retirement series Paper 2: Moving between goals.* Available at: Paper 2 - Moving between goals.pdf (actuaries.org.uk)

[40]Nest. (2021). *Contributions*. Available at: https://www.nestpensions.org.uk/schemeweb/nest/employers/get-ready-for-auto-enrolment/contributions.html

[41]The Pensions Policy Institute. (2019). *Generation VeXed: solving the retirement puzzle.* Available at: 2019-11-07 Generation veXed: solving the retirement puzzle | Pensions Policy Institute

[42]Stanford Center on Longevity. *Underestimating Years in Retirement*. Available at: Underestimating Years in Retirement – Stanford Center on Longevity

[43]Royal London. (2018). *ROYAL LONDON POLICY PAPER 23 Will housing wealth solve the pensions crisis?*. Available at: rl-10082018.pdf (actuarialpost.co.uk); ROYAL LONDON POLICY PAPER; Royal London. (2016). *The 'Downsizing Delusion': why relying exclusively on your home to fund your retirement may end in tears*. Available at: royal-london-policy-paper-6-the-downsizing-delusion.pdf

6. Royal London. (2016). *The 'Downsizing Delusion': why relying exclusively on your home to fund your retirement may end in tears*. Available at: royal-london-policy-paper-6-the-downsizing-delusion.pdf

[44]Ibid

[45]Ibid

[46]FT Adviser. (2018). *Younger generations suffer from 173% rise in house prices*. Available at: https://www.ftadviser.com/mortgages/2018/10/08/younger-generations-suffer-from-173-rise-in-house-prices/; University World News. (2018). *How the decision to triple tuition fees changed history*. Available at: How the decision to triple tuition fees changed history (universityworldnews.com)

[47]Institute For Fiscal Studies. (2020). *How does saving for retirement interact with buying a main home?.* Available at: How does saving for retirement interact with buying a main home? - Institute For Fiscal Studies - IFS

[48]Krijnen, J. Zeelenberg, M. Breugelmans, S. Van Putten, M. (2019). *Inaction inertia in retirement saving*. Journal of Behavioral Decision Making - Wiley Online Library. Available at: Inaction inertia in retirement saving - Krijnen - 2020 - Journal of Behavioral Decision Making - Wiley Online Library

[49]American Psychological Association. (2014). *The psychology of scarcity*. Available at: The psychology of scarcity (apa.org)

[50]The Pensions Policy Institute. (2019). Generation VeXed: solving the retirement puzzle. Available at: 2019-11-07 Generation veXed: solving the retirement puzzle | Pensions Policy Institute

[51]Dunstan Thomas. (2020). *Exploring the retirement prospects of Generation X: Consumer study*. Available at: https://www.dthomas.co.uk/content/fs/downloads/GenX.pdf

[52]Citizens Advice. (2018). *Walking on Thin Ice: The cost of financial insecurity*. Available at: https://www.citizensadvice.org.uk/about-us/our-work/policy/policy-research-topics/debt-and-money-policy-research/walking-on-thin-ice-the-cost-of-financial-insecurity/

[53]Ibid

[54]Somaon, D. and Zhao, M. (2011). *The Fewer the Better: Number of Goals and Savings Behavior*. Available at: fewerbetter2012.pdf (utoronto.ca)

[55]Ericson, K. Laibson, D (2018). *Intertemporal Choice*. National Bureau of Economic Research. Available at: https://www.nber.org/system/files/working_papers/w25358/w25358.pdf

[56]Institute and Faculty of Actuaries. (2020). *Savings goals for retirement: policy briefing.* Available at: Saving Goals for Retirement V08.pdf (actuaries.org.uk); Institute and Faculty of Actuaries. (2020). Savings goals for retirement series
Paper 2: Moving between goals. Available at: Paper 2 - Moving between goals.pdf (actuaries.org.uk); Funds Insider. (2016). Can young people really afford to save 15% of their wages? Available at: https://citywire.co.uk/funds-insider/news/can-young-people-really-afford-to-save-15-of-their-wages/a887654

[57]Ibid

[58]The Pensions Advisory Service. (2021). *Combining Pension Pots at Retirement.* Available at: Combining Pension Pots at Retirement - The Pensions Advisory Service

[59]B&CE. (2019). *Savers back auto-enrolment but big gaps in pensions knowledge remain, warns The People's Pension*. Available at: Savers back auto-enrolment but big gaps in pensions knowledge remain, warns The People's Pension - B&CE (bandce.co.uk)

[60]The Money Advice Service. (2021). Should *you pay off your mortgage early?*. Available at: https://www.moneyadviceservice.org.uk/en/articles/should-you-pay-off-your-mortgage-early; LoanTube. (2020). Should you Overpay your Mortgage or Pension Fund? Available at: https://www.loantube.com/blog/should-you-overpay-your-mortgage-or-pension-fund/

[61]Franklin, B. Beach,B. Brancati,C. (2017). *The Value of Financial Advice*. International Longevity Centre-UK. Available at: https://ilcuk.org.uk/wp-content/uploads/2018/10/ILC-UK-The-Value-of-Financial-Advice.pdf

[62] International Investment. (2020). *Nearly half of pension savers eligible for Pension Wise 'have never heard of it': research.* Available at: https://www.internationalinvestment.net/news/4021520/nearly-half-pension-savers-eligible-pension-wise-heard-research; Ipsos Mori. (2020). *Pension Wise service evaluation: research with 2019/20 customers*. Available at: https://www.ipsos.com/ipsos-mori/en-uk/pension-wise-service-evaluation-research-201920-customers

[63] Nearly half of pension savers eligible for Pension Wise 'have never heard of it': research (internationalinvestment.net); Pension Wise service evaluation: research with 2019/20 customers | Ipsos MORI

[64]Department for Work and Pensions. (2020). *Stronger nudge to pensions guidance: statement of policy intent*. Available at: Stronger nudge to pensions guidance: statement of policy intent - GOV.UK (www.gov.uk)

[65]The Financial Conduct Authority. (2018). *The changing shape of the consumer market for advice: Interim consumer research to inform the Financial Advice Market Review (FAMR).* Available at: https://www.fca.org.uk/publication/research/famr-interim-consumer-research-report-2018.pdf; Retirement Planner. (2017). *Cost and trust biggest barriers to over 50s seeking financial advice*. Available at: https://www.retirement-planner.co.uk/231994/cost-trust-biggest-barriers-50s-seeking-financial-advice

[66]Financial Times. (2020). *Covid crisis threatens UK boom in self-employed work*. Available at: https://www.ft.com/content/3d94b170-c6be-44dd-95ac-436284693090

[67]Mckinsey & Company. (2020). *COVID-19 in the United Kingdom: Assessing jobs at risk and the impact on people and places.* Available at: https://www.mckinsey.com/industries/public-and-social-sector/our-insights/covid-19-in-the-united-kingdom-assessing-jobs-at-risk-and-the-impact-on-people-and-places

[68]Santander. (2018). *Owning a home is cheaper than renting in all areas of the UK.* Available at: https://www.santander.co.uk/about-santander/media-centre/press-releases/owning-a-home-is-cheaper-than-renting-in-all-areas-of-the-uk

[69]Corlett, A. Lindsay, J. *HOME AFFRONT: Housing across the generations.* Resolution Foundation. Available at: https://www.resolutionfoundation.org/app/uploads/2017/09/Home-Affront.pdf

[70]BBC News. (2017). *Renting in retirement: How feasible is it*. Available at: Renting in retirement: How feasible is it? - BBC News

[71]Age UK London. (2017). *"Living in Fear" Experiences of Older Private-Renters in London.* Available at: https://www.ageuk.org.uk/bp-assets/globalassets/london/documents/older-private-renters/living-in-fear.pdf

[72]The Institute of Health Equity. (2020). *HEALTH EQUITY IN ENGLAND: THE MARMOT REVIEW 10 YEARS ON.* Available at: https://www(2020).health.org.uk/sites/default/files/upload/publications/2020/Health%20Equity%20in%20England_The%20Marmot%20Review%2010%20Years%20On_full%20report.pdf

[73]Yildirmaz, A. Goldar, M. Klein, S. *Illuminating the Shadow Workforce: Insights Into the Gig Workforce in Businesses.* Available at: illuminating-the-shadow-workforce-by-adp-research-institute.ashx. Centre for Ageing Better. (2017). *Gig economy: time to shift the spotlight to older self-employed workers*. Available at: https://www.ageing-better.org.uk/news/gig-economy-time-shift-spotlight-older-self-employed-workers; The Independent. (2018). G*ig economy: Growing number of older workers taking temporary jobs to ease transition into retirement, study finds.* . Available at: https://www.independent.co.uk/news/business/news/gig-economy-latest-older-workers-short-term-work-retirement-pensions-jobs-elderly-a8217901.html

[74]Department for Business, Energy & Industrial Strategy. (2018). *The Characteristics of those in the Gig Economy*. Available at: The_characteristics_of_those_in_the_gig_economy.pdf (publishing.service.gov.uk)

[75]Zurich. (2019). *Gig Economy Story.* Available at: Gig Economy Story | 2019 | Zurich Insurance; Centre for Progressive Policy. (2020). *From precarious to prosperous: How we can build back a better labour market*. Available at: https://www.progressive-policy.net/publications/from-precarious-to-prosperous

[76]Thaler, R., & Benartzi, S. (2004). *Save More Tomorrow™: Using Behavioral Economics to Increase Employee Saving*. Journal of Political Economy, 112(S1), S164-S187. Available at: doi:10.1086/380085

[77]Employee Benefits. (2019). *Three-fifths increase pension contributions if employer offers to match them*. Available at: https://employeebenefits.co.uk/three-fifths-increase-pension-employer-match/

[78]The Money Advice Service. (2021). *Automatic enrolment if you earn up to £10,000.* Available at: https://www.moneyadviceservice.org.uk/en/articles/automatic-enrolment-if-you-earn-up-to-10000

[79]Department for Work and Pensions. (2013). *Workplace Pension Reform: Multiple Jobholders*. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/211729/ad-hoc-multiple-jobs.pdf

[80]Smeaton, D., Vegeris, S. and Sahin-Dikmen, M. (2009). *Research report 43: Older workers: employment preferences, barriers and solutions*. Equality and Human Rights Commission. Available at: https://westminsterresearch.westminster.ac.uk/item/907y8/research-report-43-older-workers-employment-preferences-barriers-and-solutions; Høgelund, J., Holm, A. (2014). Worker adaptation and workplace accommodations after the onset of an illness. IZA J Labor Policy 3, 17. Available at: https://doi.org/10.1186/2193-9004-3-17

[81]Smeaton, D., Vegeris, S. and Sahin-Dikmen, M. (2009). *Research report 43: Older workers: employment preferences, barriers and solutions*. Equality and Human Rights Commission. Available at: https://westminsterresearch.westminster.ac.uk/item/907y8/research-report-43-older-workers-employment-preferences-barriers-and-solutions

[82]MISPA group. (2020). *Possible public health implications of raising the State Pension Age and how to mitigate them*. Available at: https://www.waspi.co.uk/wp-content/uploads/2020/03/MISPA-report-2020.pdf

[83]The Health Foundation. (2020). *What the quality of work means for our health*. Available at: https://www.health.org.uk/publications/long-reads/the-quality-of-work-and-what-it-means-for-health

[84]Department for Work and Pensions. (2019). *Understanding Self-Employment For People with Disabilities and Health Conditions.* Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/798348/understanding-self-employment-for-people-with-disabilities-and-health-conditions.pdf

[85]Ibid

[86]Korfhage, T. (2019). *Long-run consequences of informal elderly care and implications of public long-term care insurance*. Health Economics and Data Group. Available at: 1917.pdf (york.ac.uk)

[87]Boma,J. Bakxa, B. Schuta, F. Doorslaerabc,E (2019). *Health effects of caring for and about parents and spouses*. Science Direct. Available at: https://www.sciencedirect.com/science/article/pii/S2212828X18301063

[88]Schulz, R. Sherwood, R ,P. (2009). Physical and Mental Health Effects of Family Caregiving. American Journal of Nursing. Available at: https://journals.lww.com/ajnonline/Fulltext/2008/09001/Physical_and_Mental_Health_Effects_of_Family.9.aspx

[89]Wang, J and Geng, L. (2019). Effects of Socioeconomic Status on Physical and Psychological Health: Lifestyle as a Mediator. International Journal of Environmental Research and Health. Available at: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6352250/

[90]Parliament, Commons Select Committee. Social care: funding and workforce. (2020). Available at: Social care: funding and workforce - Health and Social Care Committee - House of Commons (parliament.uk)

[91]Thaler, R.H. and Benartzi, S. (2004) Save More Tomorrow: Using behavioral economics to increase employee saving. Available at: jstor.org/stable/pdf/10.1086/380085.pdf; Bourquin, P and Crawford, R. (2020). *Automatic enrolment - too successful a nudge to boost pension saving?* Institute for Fiscal Studies. Available at: https://www.ifs.org.uk/publications/14850

[92]Employee Benefits. (2019). Three-fifths increase pension contributions if employer offers to match them. Available at: https://employeebenefits.co.uk/three-fifths-increase-pension-employer-match/

[93]TUC. (2018). Two million self-employed adults earn less than the minimum wage. Available at: https://www.tuc.org.uk/news/two-million-self-employed-adults-earn-less-minimum-wage

[94]The 'Downsizing Delusion': why relying exclusively on your home to fund your retirement may end in tears. Available at: royal-london-policy-paper-6-the-downsizing-delusion.pdf; Why clients should avoid relying on property to fund retirement. Available at: https://www.ftadviser.com/pensions/2018/09/11/why-clients-should-avoid-relying-on-property-to-fund-retirement/

[95]Crawford, R and Karjalainen, H. (2020). *Retirement saving of the self-employed*. The Institute for Fiscal Studies. Available at: https://ifs.org.uk/uploads/R181-retirement-saving-of-the-self-employed.pdf

[96]Pensions Age. (2019). UK workers plan to retire before state pension age. Available at: https://www.pensionsage.com/pa/UK-workers-plan-to-retire-before-state-pension-age.php

[97]Franklin, B. Beach, B. Bamford, S and Creighton, H. (2014).The Missing Million: Illuminating the employment challenges of the over 50s. International Longevity Centre-UK. Available at: https://www.bl.uk/collection-items/missing-million-illuminating-the-employment-challenges-of-the-over-50s

[98] Centre for Ageing Better. (2019). *Older workers need flexible working – and employers need to provide it*. Available at: https://www.ageing-better.org.uk/blogs/older-workers-need-flexible-working-and-employers-need-provide-it

[99]Franklin, B. Beach, B. Bamford, S and Creighton, H. (2014).The Missing Million: Illuminating the employment challenges of the over 50s. International Longevity Centre-UK. Available at: https://www.bl.uk/collection-items/missing-million-illuminating-the-employment-challenges-of-the-over-50s

[100]Ibid.

[101] Foster HME , Celis-Morales CA , Nicholl BI , et al . (2018). *The effect of socioeconomic deprivation on the association between an extended measurement of unhealthy lifestyle factors and health outcomes: a prospective analysis of the UK Biobank cohort*. Lancet Public Health. Available at: https://www.thelancet.com/journals/lanpub/article/PIIS2468-2667(18)30200-7/fulltext#seccestitle10

[102]European Commission. (2016*). Low pay and in-work poverty: preventative measures andpreventative approaches.* Available at: https://www.lse.ac.uk/business-and-consultancy/consulting/assets/documents/Low-Pay-and-In-Work-Poverty.pdf

[103]Sewdas R, van der Beek AJ, Boot CRL, et al. (2019). *Poor health, physical workload and occupational social class as determinants of health-related job loss: results from a prospective cohort study in the UK.* BMJ Open. Available at: https://bmjopen.bmj.com/content/9/7/e026423

[104]Ibid

[105]Franklin, B. Beach, B. Bamford, S and Creighton, H. (2014).The Missing Million: Illuminating the employment challenges of the over 50s. International Longevity Centre-UK. Available at: https://www.bl.uk/collection-items/missing-million-illuminating-theemployment-challenges-of-the-over-50s

[106]Chin Lee, Sara J. Czaja & Joseph Sharit. (2008). *Training Older Workers for Technology-Based Employment, Educational Gerontology*. Available at: https://www.researchgate.net/publication/42639649_Training_Older_Workers_for_Technology-Based_Employment

[107]The Pensions Policy Institute. (2019). *Generation VeXed: solving the retirement puzzle*. Available at: 2019-11-07 Generation veXed: solving the retirement puzzle | Pensions Policy Institute

[108]Office for National Statistics. (2019). *Living longer: caring in later working life: Examining the interplay between caring and working in later life in the UK*. Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/ageing/articles/livinglongerhowourpopulationischangingandwhyitmatters/2019-03-15

[109]Franklin, B. Beach, B. Bamford, S and Creighton, H. (2014).The Missing Million: Illuminating the employment challenges of the over 50s. International Longevity Centre-UK. Available at: https://www.bl.uk/collection-items/missing-million-illuminating-theemployment-challenges-of-the-over-50s

[110]252483(1) PPI Generation VeXed Solving the Retirement Puzzle.indb (pensionspolicyinstitute.org.uk)

[111]Franklin, B. Beach, B. Bamford, S and Creighton, H. (2014).The Missing Million: Illuminating the employment challenges of the over 50s. International Longevity Centre-UK. Available at: https://www.bl.uk/collection-items/missing-million-illuminating-the-employment-challenges-of-the-over-50s

[112] Franklin, B. Beach, B. Bamford, S and Creighton, H. (2014).The Missing Million: Illuminating the employment challenges of the over 50s. International Longevity Centre-UK. Available at: https://www.bl.uk/collection-items/missing-million-illuminating-the-employment-challenges-of-the-over-50s

[113]Centre for Ageing Better. (2020). *Flexible working for over 50s – A toolkit for employers*. Available at: https://www.ageing-better.org.uk/publications/flexible-working-over-50s

[114]Centre for Ageing Better. (2020). *The COVID-19 effect on flexible working*. Available at: https://www.ageing-better.org.uk/blogs/covid-19-effect-flexible-working

[115]Centre for Ageing Better. (2020). *COVID-19 risks triggering long term unemployment crisis for older workers.* Available at: https://www.ageing-better.org.uk/news/covid-19-risks-triggering-long-term-unemployment-crisis-older-workers

[116]Centre for Ageing Better. (2018). *Health warning for employers: Supporting older workers with health conditions*. Available at: https://www.ageing-better.org.uk/publications/health-warning-employers; Health and Safety Executive. *Health and Safety for Older Workers*. Available at: https://www.hse.gov.uk/vulnerable-workers/older-workers.htm; Crawford, O, J. Graveling, A, R. Cowie, H. Dixon, K and MacCalman, L. (2009). *The health, safety and health promotion needs of older workers.*

An evidence-based review and guidance. Institute of Occupational Medicine. Available at: https://iosh.com/media/1573/the-health-safety-and-health-promotion-needs-of-older-workers-full-research-report.pdf

[117]ILC analysis of Government statistics: Access to Work: Official Statistics (publishing.service.gov.uk)

[118]GOV.UK. (2020). *Major expansion of post-18 education and training to level up and prepare workers for post-COVID economy*. Available at: https://www.gov.uk/government/news/major-expansion-of-post-18-education-and-training-to-level-up-and-prepare-workers-for-post-covid-economy

[119]Simply Academy. (2020). *Is there an age limit for apprenticeships?* Available at: https://www.simplyacademy.com/apprenticeship-age-limit/

[120]Carers UK. (2014). *A right to Carer's Leave - supporting working carers*. Available at: https://www.carersuk.org/news-and-campaigns/campaigns/right-to-carers-leave

[121]The Money Advice Service. (2021). *Help with childcare costs*. Available at: https://www.moneyadviceservice.org.uk/en/articles/help-with-childcare-costs#childcare-vouchers

[122]International Labour Organisation. (2017). *Formalizing domestic work through the use of service Vouchers*. Available at: https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---actrav/documents/publication/wcms_220717.pdf

[123]GOV.UK. *Lifetime ISA*. Available at: https://www.gov.uk/lifetime-isa

[124]The Financial Inclusion Centre. (2020). *EXTRAORDINARY TIMES NEED EXTRAORDINARY MEASURES PROPOSALS TO DEAL WITH THE IMMEDIATE AND LONGER TERM FINANCIAL IMPACTS OF THE COVID19 PANDEMIC*. Available at: http://inclusioncentre.co.uk/wordpress29/wp-content/uploads/2020/08/Financial-Inclusion-Centre-Covid19-Extraordinary-times-need-extraordinary-measures-May-2020.pdf

[125]Mayhew, L. (2021). *Too Little, Too Late? Housing for an ageing population*. The Centre for the Study of Financial Innovation. Available at: https://www.arcouk.org/sites/default/files/Too%20little%20too%20late__FINAL%20-%20June%20%202020.pdf

[126]Corlett, A. Judge, L, (2017). *HOME AFFRONT Housing across the generations.* Resolution Foundation. Available at : https://www.resolutionfoundation.org/app/uploads/2017/09/Home-Affront.pdf

[127]Shelter. (2016). *Making Renting More Affordable for More Londoners*. Available at: Making_renting_more_affordable_for_more_Londoners_interactive5.pdf (shelter.org.uk)

[128]Thaler, R.H. and Benartzi, S. (2004) *Save More Tomorrow: Using behavioral economics to increase employee saving*. Available at: jstor.org/stable/pdf/10.1086/380085.pdf

[129]Ibid

[130]Pensions and Lifetime Savings Association. (2018). *HITTING THE TARGET: A VISION FOR RETIREMENT INCOME ADEQUACY*. Available at: https://www.plsa.co.uk/Portals/0/Documents/Policy-Documents/2018/Hitting%20The%20Target%20-%20A%20Vision%20For%20Retirement%20Income%20Adequacy.pdf

[131]Thaler, R.H. and Benartzi, S. (2004). *Save More Tomorrow: Using behavioral economics to increase employee saving.* Available at: jstor.org/stable/pdf/10.1086/380085.pdf

[132]Ibid

[133]Dunstan Thomas. (2020). *Exploring the retirement prospects of Generation X: Consumer study*. Available at: https://www.dthomas.co.uk/content/fs/downloads/GenX.pdf

[134]Nest Insight. (2019). *The auto enrolment experience over time Understanding the real impact of contribution increases on behaviours and attitudes*. Available at: http://www.nestinsight.org.uk/wp-content/uploads/2019/02/The-auto-enrolment-experience-over-time.pdf; Broadstone. (2020). *Auto enrolment: effects of increases in minimum contributions.* Available at: https://www.broadstone.co.uk/auto-enrolment-effects-of-increases-in-minimum-contributions/; Bourquin, P and Crawford, R. (2020). *Automatic enrolment - too successful a nudge to boost pension saving?* Institute for Fiscal Studies. Available at: https://www.ifs.org.uk/publications/14850

[135]Employee Benefits. (2019). *Three-fifths increase pension contributions if employer offers to match them.* Available at: https://employeebenefits.co.uk/three-fifths-increase-pension-employer-match/

[136]Cribb, J. Emmerson, C. (2016). *What happens when employers are obliged to nudge? Automatic enrolment and pension saving in the UK*. Available at: https://www.ifs.org.uk/uploads/wp1619.pdf

[137]Financial Times. (2020). *UK sheds nearly 750,000 jobs during coronavirus crisis*. Available at: https://www.ft.com/content/c8ef84bf-0539-4281-b353-d5b840d10b5e

[138]Department for Work and Pensions. (2020). *Review of the automatic enrolment earnings trigger and qualifying earnings band for 2020/21: supporting analysis.* Available at: https://www.gov.uk/government/publications/automatic-enrolment-review-of-the-earnings-trigger-and-qualifying-earnings-band-for-202021/review-of-the-automatic-enrolment-earnings-trigger-and-qualifying-earnings-band-for-202021-supporting-analysis

[139]The Pensions Regulator. (2021). *Knowing your client's ongoing duties.* Available at: thepensionsregulator.gov.uk

[140]Ibid.

[141]Department for Work & Pensions. (2017). *Automatic enrolment review 2017: analytical report.* Available at: publishing.service.gov.uk

[142]Ibid.

[143]Nest Insight. (2020). *Supporting emergency saving.* Available at: nestinsight.org.uk

[144]Ibid.

[145]Thaler, R.H. and Benartzi, S. (2004). *Save More Tomorrow: Using behavioral economics to increase employee saving.* The University of Chicago Press. Available at: jstor.org/stable/pdf/10.1086/380085.pdf

[146]Nest Insight. (2020). *Supporting emergency saving.* Available at: nestinsight.org.uk

[147]Nest Insight. (2018). *Liquidity and retirement savings: what's the right balance?* Available at: nestinsight.org.uk

[148]Nest Insight. (2020). *Supporting emergency saving.* Available at: nestinsight.org.uk

[149]Giupponi, G and Xu, X.(2020). *What does the rise of self-employment tell us about the UK labour market?* Institute for Fiscal Studies. Available at: https://www.ifs.org.uk/publications/15182

[150]Dellot, B and Stephens, W, F. (2018). *Venturing to Retire: Boosting the long-term savings and retirement security of the self-employed*. RSA Action and Research Centre. Available at: https://www.thersa.org/globalassets/pdfs/reports/rsa_venturing-to-retire-report.pdf

[151]Pike, T. (2020). Tax relief on Defined Contribution pension contributions. Pensions Policy Institute. Available at: pensionspolicyinstitute.org.uk; Dellot, B and Stephens, W, F. (2018). *Venturing to Retire: Boosting the long-term savings and retirement security of the self-employed*. RSA Action and Research Centre. Available at: https://www.thersa.org/globalassets/pdfs/reports/rsa_venturing-to-retire-report.pdf

[152]Dellot, B and Stephens, W, F. (2018). *Venturing to Retire: Boosting the long-term savings and retirement security of the self-employed*. RSA Action and Research Centre. Available at: https://www.thersa.org/globalassets/pdfs/reports/rsa_venturing-to-retire-report.pdf

[153]Pike, T. (2020). *Tax relief on Defined Contribution pension contributions*. Pensions Policy Institute. Available at: pensionspolicyinstitute.org.uk

[154]ABI. (2021).*The Pensions Dashboard – your online pension finder.* Available at: abi.org.uk

[155]Institute and Faculty of Actuaries. (2019). *Saving Goals for Retirement: Policy briefing.* Available at: actuaries.org.uk

[156]GOV.UK. (2020). *Stronger nudge to pensions guidance: statement of policy intent.* Available at: www.gov.uk

[157]Just Group plc. (2020). *Only one-in-25 would opt out of free pension guidance if they were 'auto-enrolled', Just Group research reveals*. Available at: justgroupplc.org.uk

[158]UK Parliament. (2020). *Future of Pensions Policy.* Available at: Hansard - UK Parliament

[159]Insider. (2015). *Actually, young people SHOULD invest in their 401(k) plans...* Available at: businessinsider.com

[160]GOV.UK. (2020). *Stronger nudge to pensions guidance: statement of policy intent.* Available at: www.gov.uk

[161]The Money and Pensions Service. (2020). *Empowering Savers: Pension Wise appointments see 49% increase in 18/19*. Available at: moneyandpensionsservice.org.uk

[162]The Prince's Responsible Business Network. (2019). *The mid-life MOT: Getting started – supporting mid-life employees to plan.* Available at: bitc.org

[163]Pensions Age. (2019). *Govt launches pensions mid-life MOT platform*. Available at: pensionsage.com

[164]HM Government, Your Pension. *The mid-life MOT: take control of your future now*. Available at: yourpension.gov.uk

[165]Workplace Insight. (2018). *Mid-life report published to help older workers manage their careers*. Available at: workplaceinsight.net

[166] Interactive Investor. (2020). *Half of UK workers unaware they have a pension.* Available at: ilc.co.uk

[167]Himawan, A. (2020) *Peace of mind: Understanding the non-financial value of financial advice*. International Longevity Centre. Available at: ilcuk.org.uk

[168]Employee Benefits. (2005). *The benefits of providing financial advice for staff*. Available at: employeebenefits.co.uk

[169]FT Adviser. (2019). *Uptick in employers offering advice*. Available at: FTAdviser.com; Employee Benefits. (2005.) *The benefits of providing financial advice for staff*. Available at: employeebenefits.co.uk

[170]Actuarial Post. (2021). *Call for employer tax incentives on all financial education*. Available at: actuarialpost.co.uk

[171]GOV.UK. *Plan your retirement income: Get help*. Available at: GOV.UK (www.gov.uk)

[172]FCA Insight. (2019). *Robo Advice – will consumers get with the programme?* Available at: https://www.ftadviser.com/your-industry/2020/12/03/fca-robo-advice-assets-up-700-in-three-years/; FT Adviser. (2020). *Robo advice assets up 700% in three years.* Available at: https://www.ftadviser.com/your-industry/2020/12/03/fca-robo-advice-assets-up-700-in-three-years/

[173]Institute and Faculty of Actuaries. (2019). *Saving Goals for Retirement: Policy briefing.* Available at: actuaries.org.uk

[174]Corlett, C and Judge, L. (2017). *Home Affront: Housing across the generations.* Resolution Foundation. Available at: https://www.resolutionfoundation.org/app/uploads/2017/09/Home-Affront.pdf; Baker, M and Adams, J. (2020). *To Buy or not to Buy: the Changing Landscape of Housing in Retirement*. Pensions Policy Institute. Available at: www.pensionspolicyinstitute.org.uk

About the ILC

The International Longevity Centre UK (ILC) is the UK's specialist think tank on the impact of longevity on society. The ILC was established in 1997, as one of the founder members of the International Longevity Centre Global Alliance, an international network on longevity.

We have unrivalled expertise in demographic change, ageing and longevity. We use this expertise to highlight the impact of ageing on society, working with experts, policy makers and practitioners to provoke conversations and pioneer solutions for a society where everyone can thrive, regardless of age.

ilc...

International Longevity Centre UK

Vintage House
36-37 Albert Embankment
London SE1 7TL
Tel : +44 (0) 203 242 0530
www.ilcuk.org.uk