



**British
Seniors
Insurance
Agency®**



The State of Retirement Report

**Exploring the impact of Covid-19 on
UK retirement readiness**



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Foreword

We all have a retirement dream

For some, the retirement dream might mean adventures or trips across the globe, while for others it spells relaxation, new hobbies, or spending time with loved ones.

No matter how you choose to spend it, your retirement is precious, and deserves to be filled with happiness.

But with so many of us living and working longer, the retirement landscape has changed dramatically in recent years. And with 2020 bringing new and unprecedented challenges, what does the retirement dream look like in the UK in 2021 and beyond?

Conducted in December 2020, the British Seniors State of Retirement Report takes an extensive look at the British retirement landscape, exploring the dreams, realities, challenges and disparities amongst those approaching retirement in the UK.

In addition to long-term economic and social factors that have impacted retirement affordability, our report also explores the impact of Covid-19 on the retirement environment, addressing both immediate and future issues caused by the pandemic.

Other areas explored in this report include attitudes towards retirement, savings, pensions and debt amongst those approaching retirement age, retirement readiness across regions and disparity between genders.

At British Seniors, we believe that everyone deserves the right to a comfortable and golden retirement. It is our hope that this report will help to serve as a barometer for retirement health across the UK, along with highlighting the key issues that could prevent many from achieving the retirement they deserve.

David Rees

Chief Operating Officer



Executive Summary

The impact of Covid-19 has compounded already serious retirement affordability and disparity issues across the UK.

The retirement landscape across the UK has shifted significantly in the past several years, with people both living and working longer than ever before.

In addition to dramatic changes to how we live and work, those approaching retirement age (67) have suffered an economic roller coaster, having faced five recessions and a new, unprecedented global health pandemic within their working lives.

In 2021, retirees face a delicate balancing act between managing the cost of living while also securing enough funds for a comfortable retirement.

The result of this dilemma is apparent in a lack of retirement readiness across the UK. The British Seniors research has found that just a third of those over 50 have taken active steps towards retirement planning, and nearly two fifths (38%) believe they'll struggle financially in retirement.

A disparity in retirement readiness is also a clear issue across regions, with average pensions and savings amongst those aged 50+ varying by as much as 50%. Likewise, there exists a clear gender gap in those approaching retirement with men possessing total savings and pension pots £93,000 higher than women, on average.

50+ retirement readiness in the UK



84% Have taken no active steps towards retirement



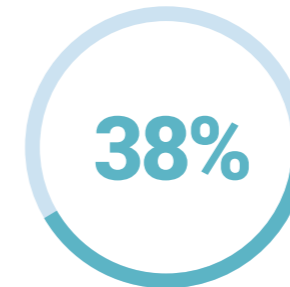
16% Have taken active steps towards retirement

However, this study found that Covid-19 is seen as the single biggest threat to retirement in the UK, with 77% of people believing that the virus has or will impact their retirement plans.

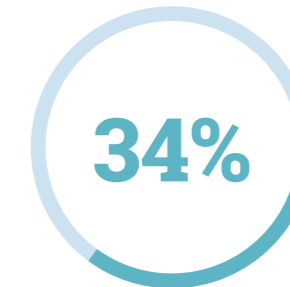
Key Findings



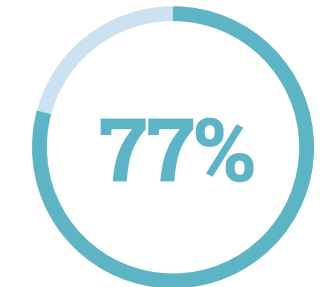
Feel they will have ample savings to enjoy retirement



Feel they'll struggle in retirement



Of over 50s have less than £50,000 in pension savings



Say Covid-19 will impact their ability to retire as planned



Don't feel they'll be able to retire by the age they had planned



How much larger men's total retirement pots are than women's

Over the following pages, this report will explore in more detail the key challenges to retirement readiness in the UK.

The Retirement Dream

Whether it's on a beach or spending time at home with family, 90% of people aged 50+ already have some plan on how they'd like to spend their golden years.

Travel (46%), hobbies (33%) and spending time with loved ones (31%) topped the list of Brits retirement plans, suggesting that the 'retirement dream' is still rooted in traditional values. However, while the majority of those approaching retirement are looking to see out their golden years in a life of leisure, nearly a third (31%) plan on continuing with some form of work once they have retired from full-time employment



65

The average 'target retirement age' was 65

Top Plans for Retirement

46%

Plan on travelling after retirement

33%

Plan on spending more time on their hobbies

31%

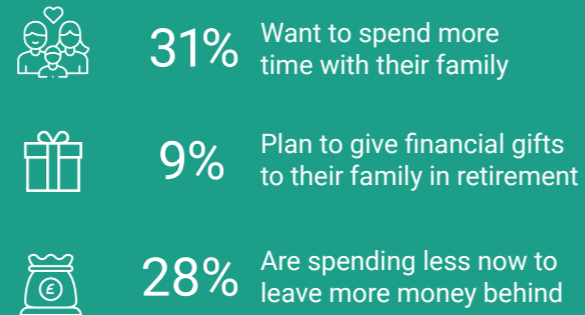
Plan on spending more time with family

How over 50s plan to spend their retirement



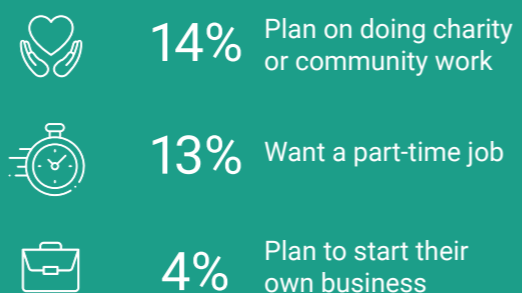
Family

In addition to spending more time with their family, almost half plan to leave money behind for their children/grandchildren. 9% also plan to give financial gifts to their children in retirement.



Work

Not all retirees are looking forward to a life of leisure. Nearly a third plan on continuing with some form of work through retirement, even starting their own businesses.



The State of Retirement

While we all have retirement aspirations, our research found a substantial gulf between our dreams and reality.

Just over half of those surveyed for this report believed they would be able to retire by the age they've planned, with just over 1 in 3 believing they could afford to comfortably retire at all.

With Brits facing a wide variety of barriers to retirement, more than a fifth anticipate having to work longer than they had planned in order to eventually afford to retire, potentially delaying the retirement dreams of millions across the UK.



27%

Are worried by a lack of pension growth

12%

Have made cutbacks now to boost their retirement fund

Biggest threats to retirement

- #1 The impact of Coronavirus **57%**
- #2 High living costs **35%**
- #3 Not being able to save enough **32%**
- #4 Lack of pension growth **27%**
- #5 Poor savings rates **25%**
- #6 High cost of care **9%**
- #7 Lack of job security **8%**
- #8 Needing to support family financially **6%**
- #9 High property costs **4%**

Retirement Reality

Despite the retirement aspirations, a large number of Brits may face financial barriers in achieving retirement.

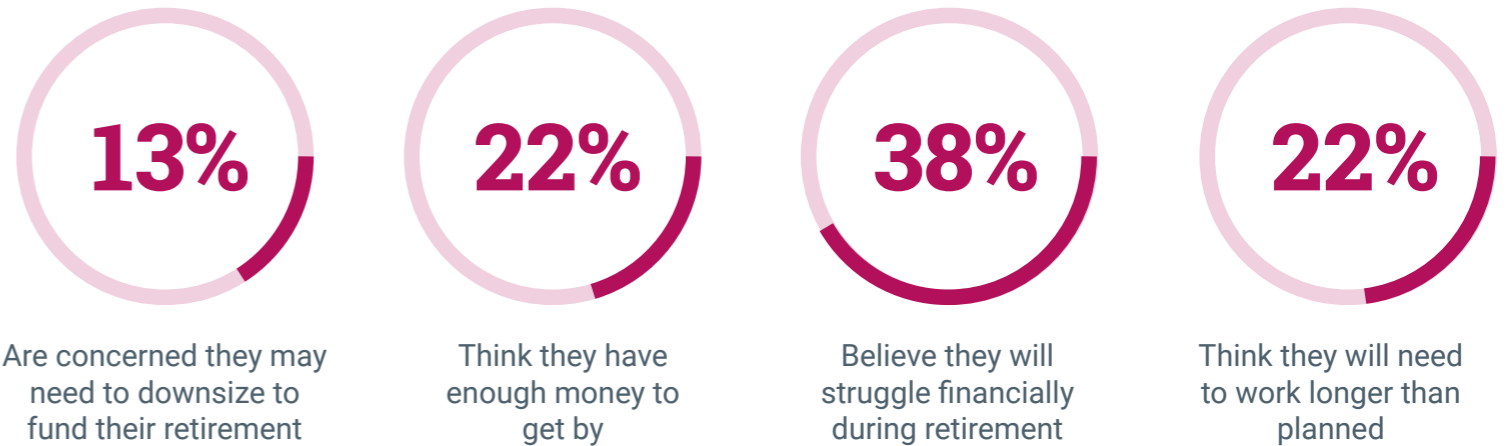
“While our study found long-term economic factors such as the rising cost of living, inability to save and lack of investment growth are key issues in retirement affordability, Coronavirus was highlighted as the single biggest threat to people’s retirement plans.”

38%

Of people think they will struggle in retirement

48%

Of people don't think they'll be able to retire by the age they had planned



9 out of 10

Don't feel they have ample savings to enjoy retirement

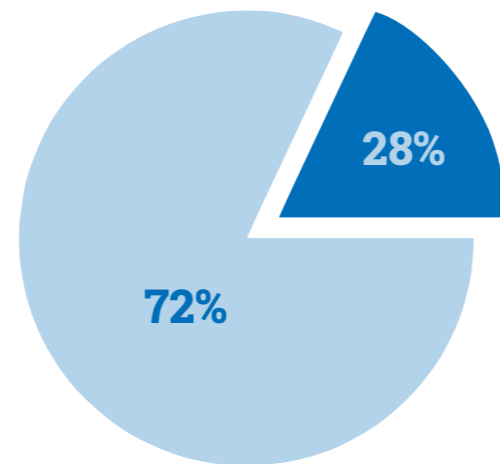
Impact of Coronavirus on the Retirement Landscape

The Covid-19 pandemic has had a significant impact on all aspects of our lives and finances.

Retirement is no exception, with the Coronavirus pandemic being highlighted as the single biggest threat to retirement in those currently aged 50 and above.

More than half of those surveyed in the British Seniors research feel Coronavirus will have an impact on their retirement, with nearly a fifth believing it will also negatively impact their children.

How will Covid-19 impact retirement?



- Will retire later than planned
- Will retire earlier than planned

(of people who said Covid-19 would impact their planned retirement age)

Along with causing delays to retirement plans by an average of 2 and a half years, the research found that a large proportion of Brits had been forced to utilize their retirement savings earlier than planned, with the belief that this will impact the quality of their retirement.



Retiring early due to Covid-19

For some, Covid-19 has made them consider retiring earlier than planned.

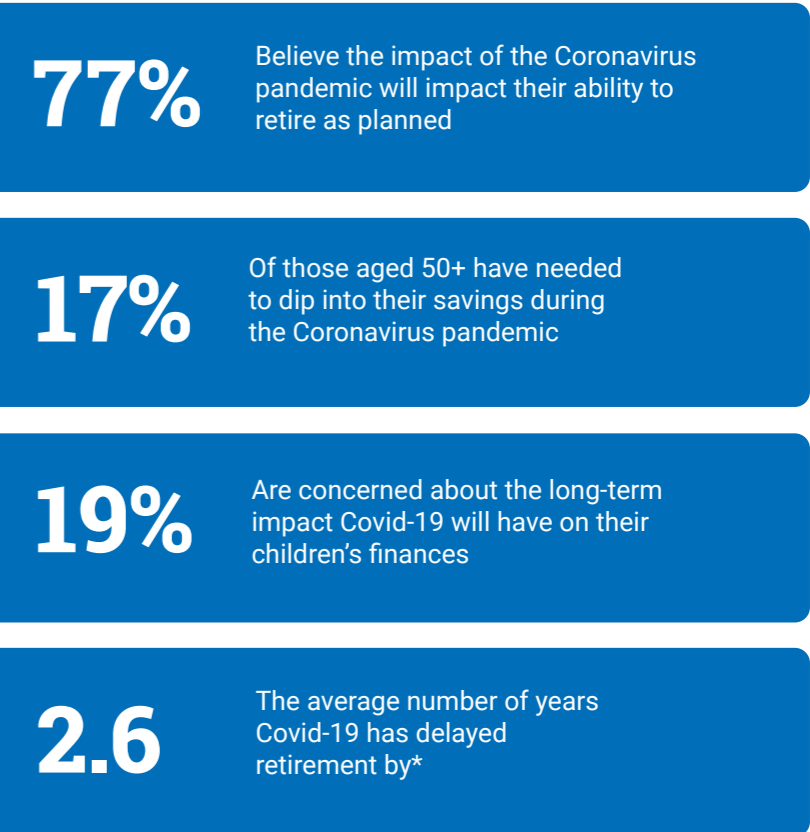


“The decision to retire early is mostly driven by personal and family related issues.”



Delaying Retirement Due to Covid-19

Covid-19 related reasons for over 50's delaying retirement:



*Of those who said their retirement had been delayed by Covid-19

Retirement Readiness:

Pensions, Savings and Debt

While the retirement dreams and aspirations of people can vary significantly, one thing they all have in common is the need for funding.

Our research found a significant disparity in savings and pensions amongst Brits, including a significant difference between the nest eggs of men and women aged 50 and above.

To achieve an annual income of £19,000 in retirement, UK retirees would need a pension pot of around £266,000 by the age of 67.* However, our study found that the average UK pension pot for those aged 50+, was just £96,000, with more than a third (34%) of people having less than £50,000 in total pension savings.

£162,890

Is the average UK savings and pension pot

34%

Of over 50s have less than £50,000 in pension savings

12%

Have made cutbacks in their 50s to increase their savings

33%

Don't know the size of their pension pot



2 in 10 Have savings of £100,000 or greater**



1 in 10 Have more than £10,000 in debt***

34%

Of people aged 50+ have some level of debt



£3,930

Is the average amount of debt amongst those aged 50+



58%

Of people aged 50+ have £30,000 or less in savings



Value of pensions amongst those aged 50+ ****

Under £10k	3.57%
£10k - £19.9k	18.44%
£20k - £29.9k	5.82%
£30k - £49.9k	6.21%
£50k - £100k	8.66%
£100.1k - £250k	12.69%
More than £250k	3.97%

Value of savings and investments of those aged 50+ ****

Under £10k	9.85%
£10k - £19.9k	20.95%
£20k - £29.9k	6.81%
£30k - £49.9k	7.93%
£50k - £100k	8.59%
£100.1k - £250k	9.05%
More than £250k	1.52%

*Feb 2019, Salisbury House Wealth: Have you saved enough for your golden years? **16% ***9.38%

****Excludes respondents who didn't know the approximate size of their retirement pots

Retirement Ready Regions

Retirement readiness varies dramatically across the UK. In some cases, the difference in total retirement savings between regions can be as much as £69,000.

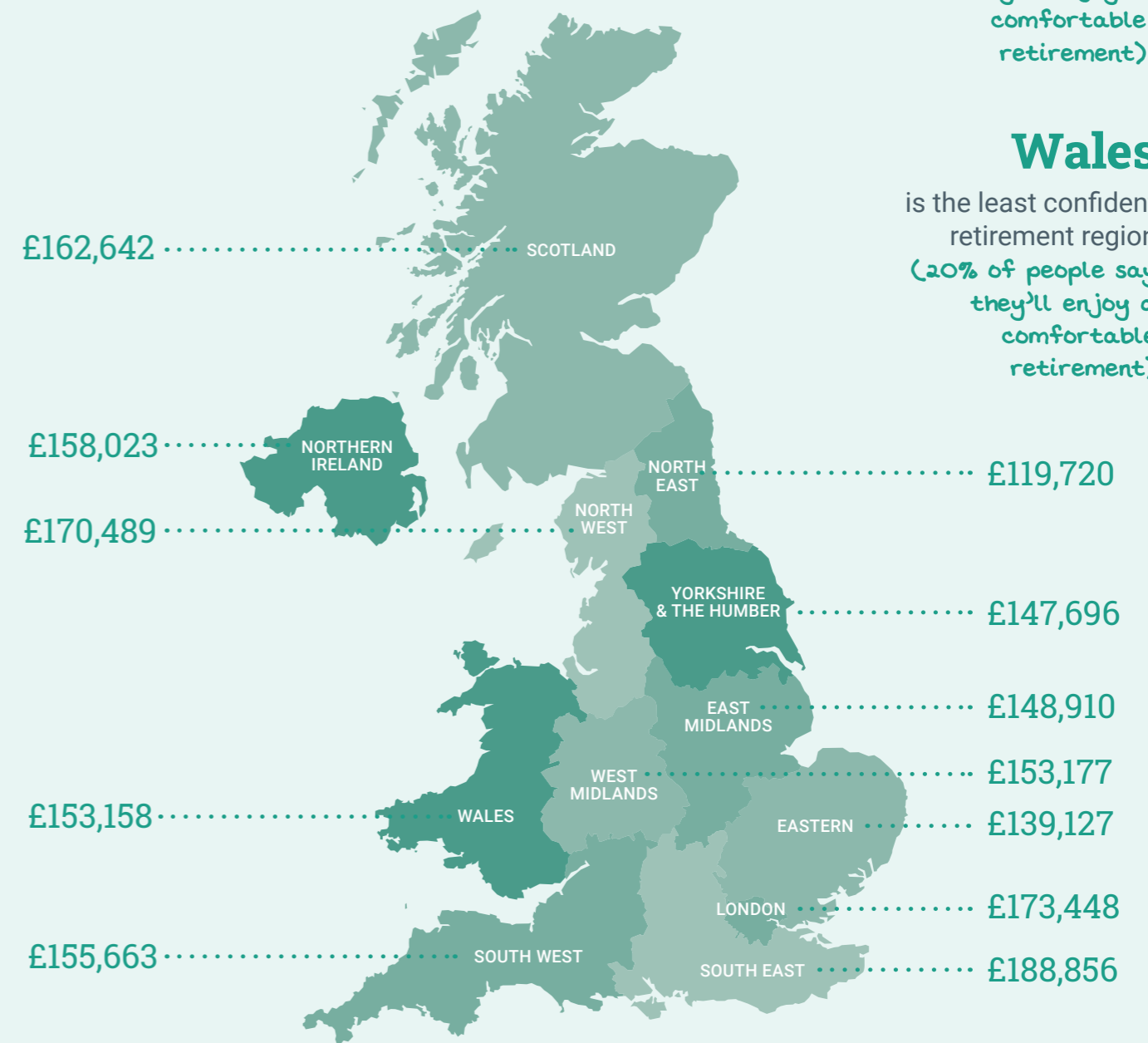
Across the board, the level of non-mortgage related debt remained fairly consistent amongst over 50's, with a UK average of £3,931.



Total Retirement Savings by Region

Rank	Region	Total savings	Total pension pot	Total debt*	Total retirement savings**
1	South East	£87,670	£105,671	£4,585	£188,756
2	Greater London	£82,765	£94,675	£3,992	£173,448
3	North West	£70,968	£102,131	£2,610	£170,489
4	Scotland	£57,660	£109,503	£4,521	£162,642
5	Northern Ireland	£75,110	£88,361	£5,448	£158,023
6	South West	£69,024	£90,777	£4,138	£155,663
7	West Midlands	£62,051	£95,704	£4,578	£153,177
8	Wales	£65,626	£90,716	£3,184	£153,158
9	East Midlands	£44,589	£107,657	£3,336	£148,910
10	Yorkshire & the Humber	£66,328	£85,475	£4,107	£147,696
11	East of England	£55,946	£87,502	£4,321	£139,127
12	North East	£51,852	£70,668	£2,800	£119,720

Total retirement savings, split by region*



South East

is the most confident retirement region (68% people say they'll enjoy a comfortable retirement)

Wales

is the least confident retirement region (20% of people say they'll enjoy a comfortable retirement)

The South East topped the list as the most retirement ready region, with average total retirement savings of £188,856 – 21% higher than the national average. Conversely, the North East placed bottom of the retirement readiness table, with a total retirement savings of just £119,720.

* Excluding mortgage debt

** Total combination of savings and pensions, minus debt

7. The Retirement Gender Gap

The Retirement Gender Gap

One of the largest disparities uncovered by the British Seniors research is the significant gender gap in retirement readiness in over 50s.

On average, total retirement savings (the cumulative figure of both savings and pension pots) were 82% higher amongst men than their female counterparts, creating a retirement savings/ retirement readiness gap of £93,470.



Across the board, women had consistently less retirement savings than men. The study found men are three times more likely to possess enough

savings to enjoy a 'comfortable' retirement, and were also twice as likely to seek professional advice on preparing for retirement.

male retirement pots are **82%** larger than women's

♂ The average male retirement pot is **£206,990**

♀ The average female retirement pot is **£113,520**

♂ Men are twice as likely to have sought professional advice about retirement than women

♀ 45% think they will struggle financially in retirement

£93,470

Is the average gap between male and female retirement savings who are over 50

*Average total value of pension pots and total savings

8. Our Research

Our Research

This report had been created to provide a snapshot of the state of retirement in the UK and to highlight the dreams, aspirations and challenges of the modern retiree.

The research in this study was collated from a nationally representative survey of 1,513 Brits who were aged over 50+ and had plans to retire. The research was conducted by Censuswide on behalf of British Seniors Insurance Agency between 01.12.2020 – 04.12.2020. Additional stats and splits are available on request. Any variances in this report are due to rounding.

If you would like to reference the report, please use the below:

British Seniors State of Retirement Report 2021, available at www.britishseniors.co.uk/retirement-report





britishseniors.co.uk