

**BlackRock.**

# Ready or not.

How are you *really* feeling about retirement?

2024 BlackRock  
**Read on Retirement™**



# **5<sup>th</sup>** UK Read on Retirement

# 1,000

UK DC participants surveyed  
by our research partner, Illuminas

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# Foreword

**The UK faces a retirement crisis.** As the first generation of people who have been saving through a Defined Contribution (DC) pension scheme approach retirement, many feel they are not on track to attain a reasonable standard of living in retirement. This uncertainty has grown since 2021, reflecting both a significant rise in the cost of living and a lack of engagement with pensions.

**The BlackRock 2024 UK Read on Retirement** is a comprehensive analysis of the key themes and trends shaping the retirement landscape in the UK. The report is based on a survey of 1,000 UK DC savers and highlights not only generational differences in retirement readiness, but also similarities – the challenge of staying on track to achieve a comfortable retirement, the importance of encouraging better saving behaviours and the need for greater engagement.

As we navigate the complexities of retirement planning, this report aims to offer valuable insights and actionable recommendations for policymakers, employers, and individuals. It offers an urgent call to action for better retirement planning and support, and the need for better income solutions for those nearing retirement.

We hope the BlackRock 2024 UK Read on Retirement serves as a useful resource for understanding the current state of retirement readiness in the UK and provides guidance on how to improve retirement outcomes for all generations.



**Gavin Lewis**

Head of BlackRock Institutional Business, UK and Ireland

# Key themes

Our takeaways from 2024's Read on Retirement

01

## There are generational differences in retirement readiness

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Saving for retirement is one of many competing priorities with which participants juggle – or struggle, **only Gen Xers and Pre Retirees are able to prioritise retirement saving.**

02

## Staying on track is a concern

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**Only one-quarter of UK DC plan participants feel they are on track for a reasonable standard of living in retirement;** and many are simply unsure.

03

## Encouraging better savings behaviours is essential

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**In 2024, 55% of participants feel they don't contribute enough to their workplace pensions.** Increasing contributions is one lever policy makers and employers can pull to improve participant outcomes.

04

## The later life retirement conundrum

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As Gen Xers and Pre Retirees near retirement, and they face the prospect of making decisions regarding retirement income generation, **more guidance and better decumulation solutions is a glaring unmet need.**

# 01 | Generational differences

The competing priorities across generations



## Gen Z

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### Not looking too far ahead ... yet

57%

Want to enjoy life today rather than stress too much about planning for the future

9<sup>th</sup> out of 10

Being on track for retirement is very low on Gen Z's list of biggest concerns

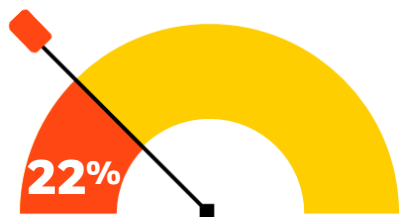
## Gen Z

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### Helping them achieve their goals

95%

Are interested in 'Sidecar Savings' as a mechanism to help them save more effectively



Feel sponsors' #1 priority should be schemes that require little or no member engagement

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## Millennials

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### Under considerable pressure

**70%**

Feel unable to plan for the future, due to current financial pressures

**10<sup>th</sup>**  
out of 10

Being on track for retirement is bottom of Millennial's list of biggest concerns

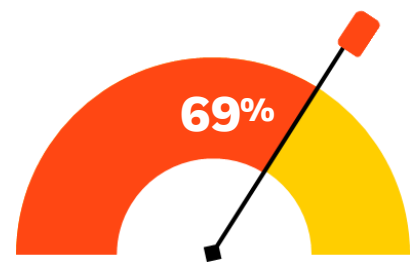
## Millennials

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### Helping them feel more positive

**85%**

Are interested in 'Sidecar Savings' as a mechanism to help them save more effectively



Consider it important that sponsors ensure the scheme is invested sustainably

## Gen X

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### The Retirement Industry's lost generation?

61%

Are concerned they will outlive their savings

3<sup>rd</sup> out of 10

Being on track for retirement is one of Gen X's biggest concerns

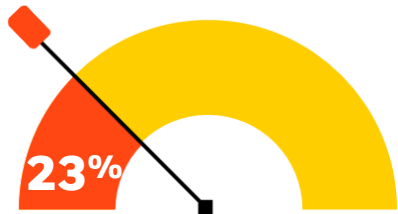
## Gen X

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### Helping them achieve their goals

88%

Think schemes should focus on guiding participants to and into retirement



Believe sponsors' #1 priority should be **maximising scheme returns**







## Pre Retirees

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### Focused on the transition

**70%**

Feel able to plan for the future, due to fewer financial pressures

**1<sup>st</sup>** out of 10

Saving for retirement is **Pre Retirees number one financial priority**

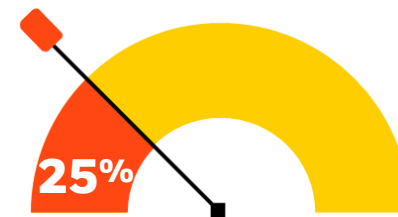
## Pre Retirees

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### Help them make the transition

**84%**

Think schemes should focus on guiding participants to and into retirement



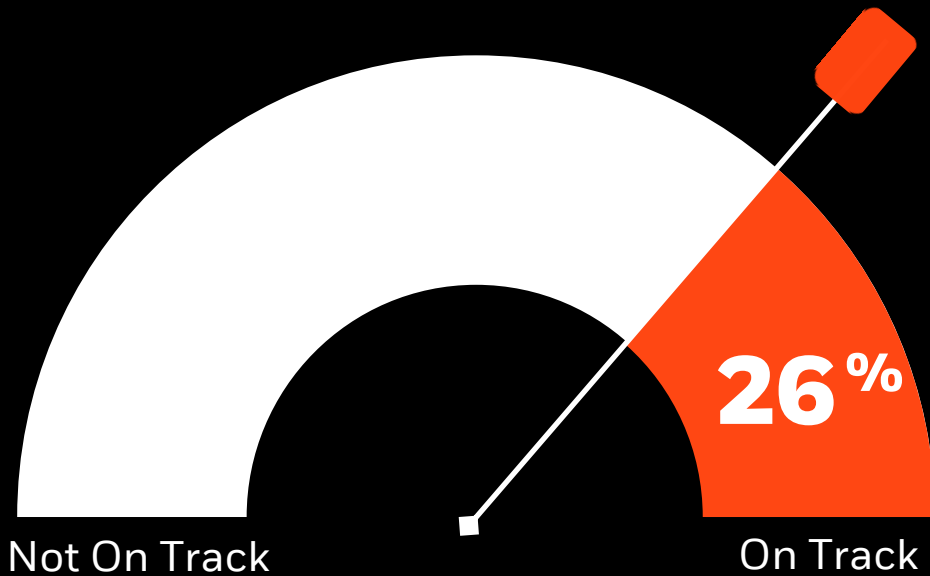
Believe sponsors' #1 priority should be **maximising scheme returns**

# 02 | **Staying on track is a concern**

Few UK participants feel on track or retirement ready



# Only one-quarter feel on track



**Q** Do you think you are on track to allow you to have a reasonable standard of living in retirement?

Only **one-quarter** of UK participants (26%) feel on track to achieve a reasonable standard of living in retirement. Confidence is at its lowest ebb since BlackRock began surveying participants in 2017, with the Cost of Living crisis a focus for many.

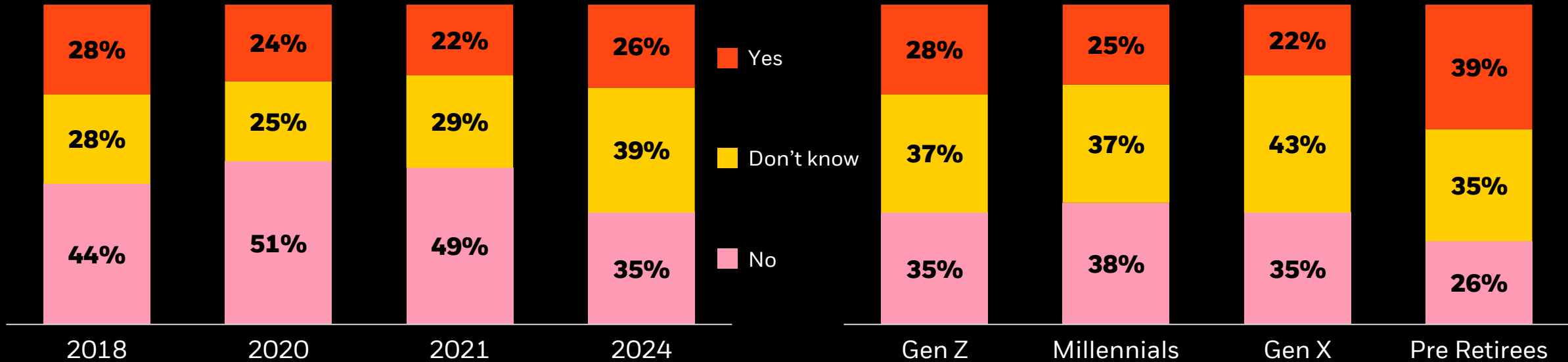
“

The uncertainty, it's corrosive, I think. Part of the challenge is who knows what a good standard of living will be if its 20+ years away? Modelling is very rough on those timelines. Some of this we can solve by giving members a few simple numbers and just reinforcing those. But that's costly.”

**Head of Pensions; FTSE 100**



# Uncertainty has built up over time



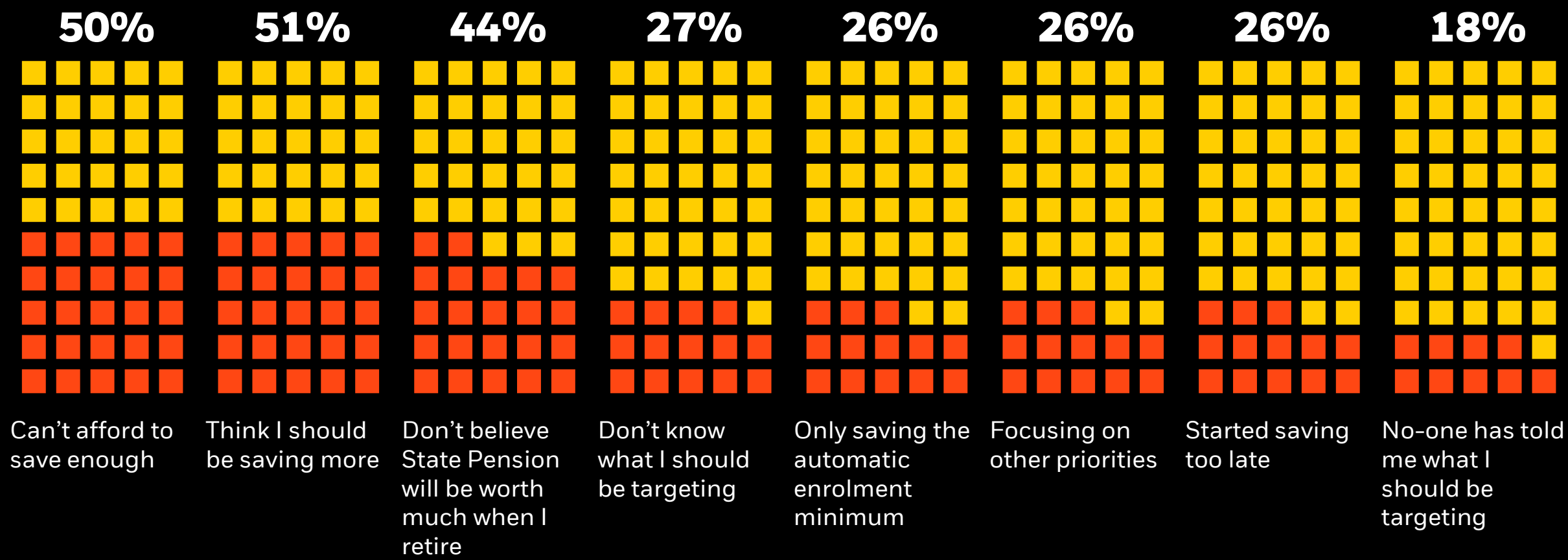
**Confidence has recovered only slightly since the pandemic, but uncertainty is at a 6 year high.**

**Q** | Do you think you are on track to allow you to have a reasonable standard of living in retirement?

**Pre Retirees** are feeling most confident in retirement readiness.

**Gen Xers** are particularly concerned they may fall short and need help to prevent them becoming the UK's "lost generation".

# 51% cannot afford to save enough

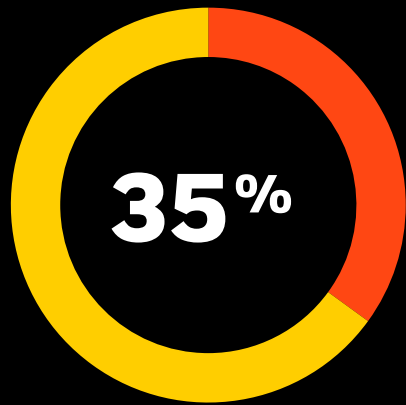


**Q** | For what reasons do you feel you're **not on track** to have a reasonable standard of living in retirement?

# Simple steps can help

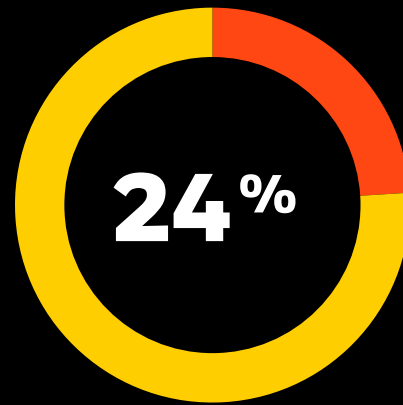
There are a few simple steps that help participants to feel **better prepared** for retirement.

**Push savings to the max**



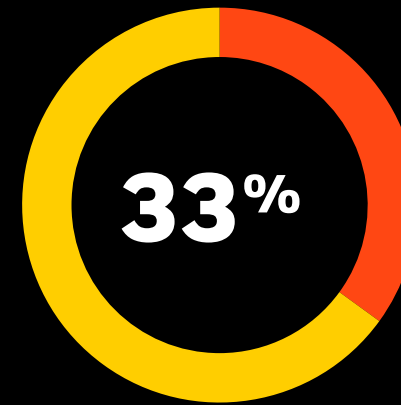
that feel on track are **savings as much as they can at all times**

**Max out the employer contribution**



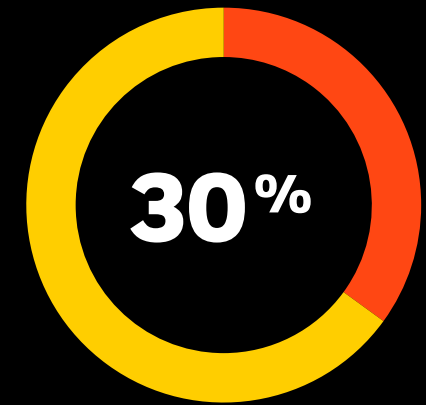
that feel on track contribute enough to **ensure they get the maximum employer contribution**

**Keep checking on progress**



that feel on track **keep an eye on whether their pension is performing as expected**

**Talk to someone**



that feel on track have **taken advice, be that formal advice from an advisor, or informal advice from friends and family**

**Q** | For what reasons are you confident you're currently on track with your retirement savings?

# 03 | Encouraging better savings behaviours

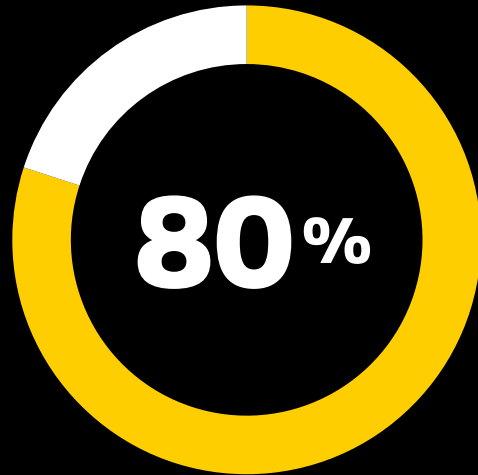
Participants are far from confident they are saving enough to be secure in later life



# The best way to save for retirement

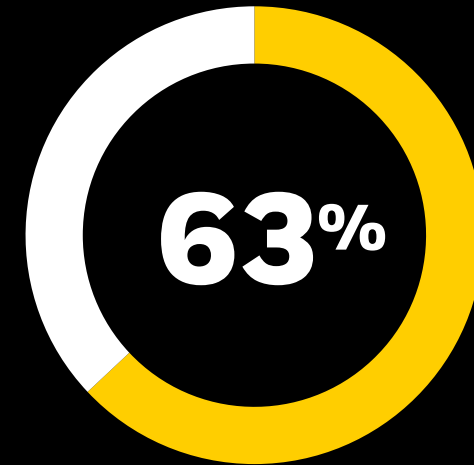
Pensions are recognised as being the **most important** – and for many, the **only mechanism available to them to try to secure a reasonable standard of living in retirement.**

The best way to save for retirement



say that putting money into a pension is **the most effective way to save for retirement**

For many, the 'only show in town'

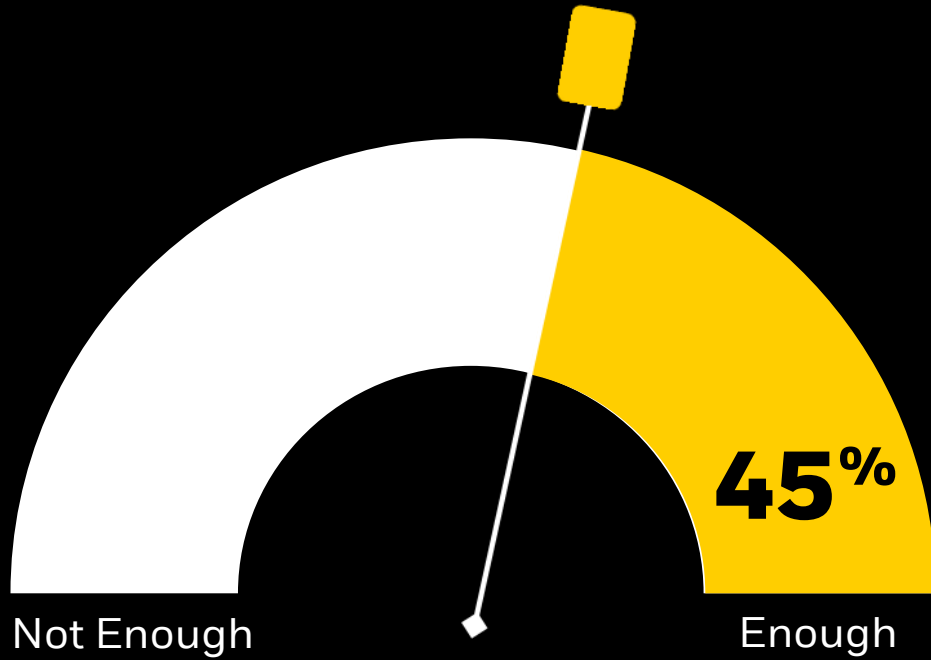


say that putting money into a pension is **their ONLY chance of a decent income in retirement**

**Q** | Please look at the following things others have said about pensions and, for each, please tell us how much you agree or disagree?



# Pensions are as good as the contributions you make



Q Which of the following best describes how you feel about the **level of contributions** to your pension?

Fewer than half of UK participants (45%) believe they are contributing adequately to their pensions.

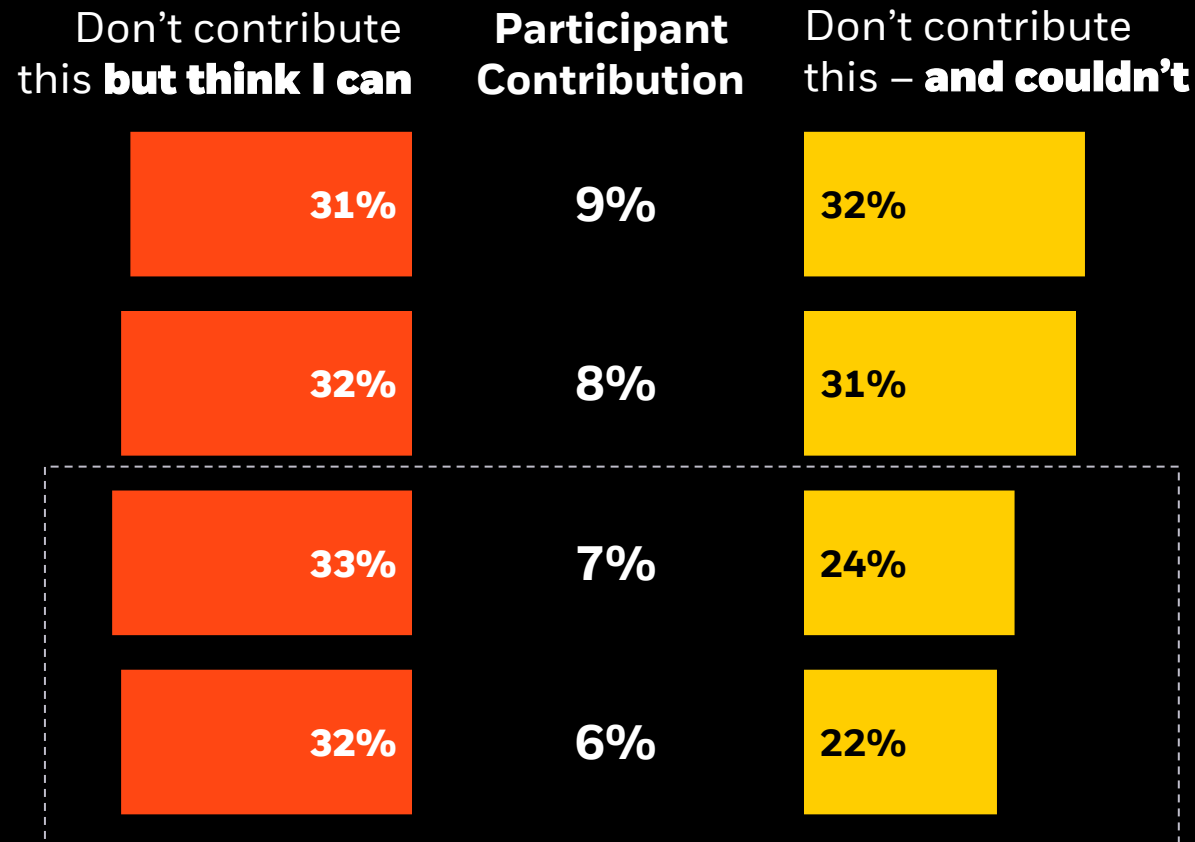
“

Increasing contributions is obviously the most effective way [to get better outcomes] but it's not likely to happen soon. We've talked about using our DB surplus to give active members an additional boost, but it's a big maybe. And members ... even if they can afford it, and at the moment I'm not sure of that, but they'd need to engage to work that out. And they don't.”

Global Head of Pensions; FTSE 250

# People want to contribute more

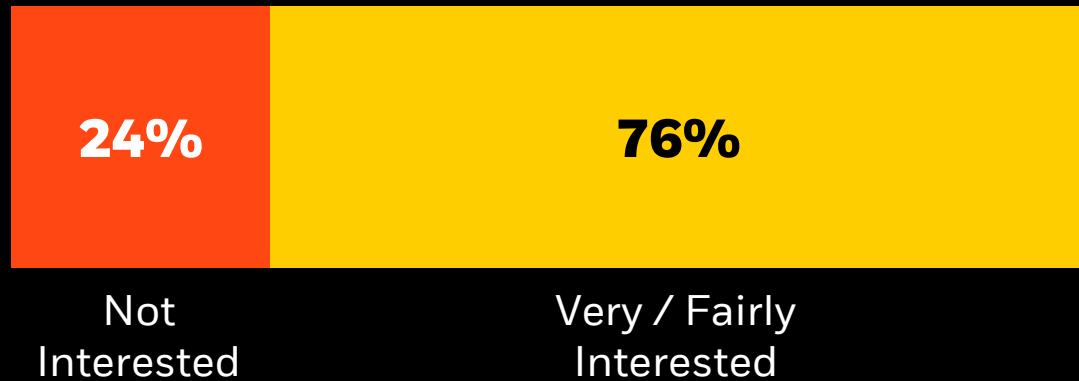
There is appetite to increase contributions to the Pensions and Lifetime Saving Association's (PLSA) recommended minimum of 12%, but much will depend on employers' ability to do more and match.



In previous years' Read on Retirement studies, the numbers willing to move to a 6% contribution **increase markedly** when 'employer matching' is used specifically in terminology.

**Q** | The recommended minimum is 12%. Which of the following best describes your view of a split like this?

# Emergency savings are key



Three-quarters of UK participants (76%) would value the flexibility of savings solutions such as the NEST 'Sidecar'. Gen Z and Millennials are most interested in the idea. Large proportions of both groups have fewer than three months' 'rainy day' savings on which to fall back, and **this solution is a 'win-win' in this context.**

**Q** | How interested would you be in [ The NEST 'Sidecar Savings' Concept ] if that could be offered in your scheme?

“

As a concept I really like it. It gives people that comfort that they can save, but the comfort of some liquidity. If they don't want to save into a pension, fine. They lose a tax relief. But we need to get the saving habit developed.”

**Head of Pensions; FTSE 100**

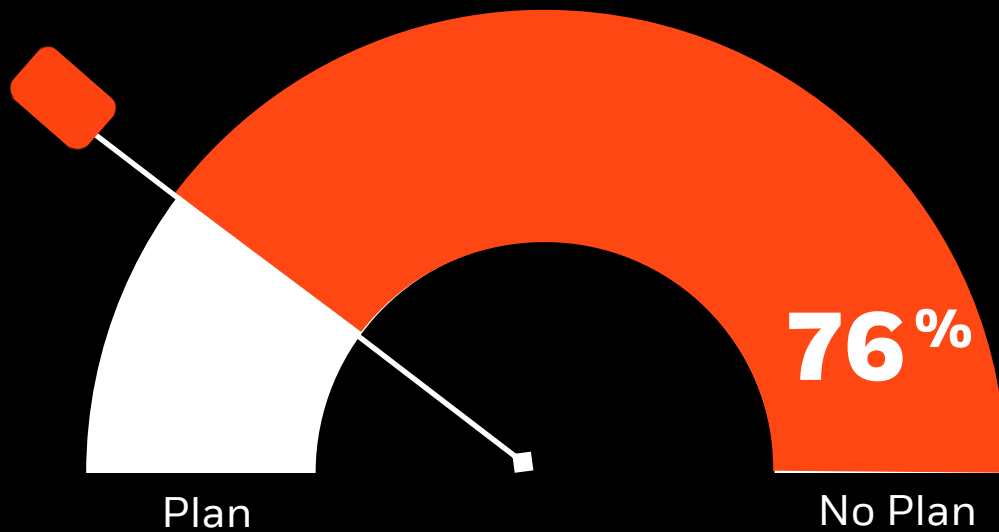


# 04 | The later life retirement conundrum

Helping those nearing retirement make a smooth transition



# Over three quarters of Pre Retirees do not have a plan



Just under **one-quarter** of UK participants (24%) have a plan to move their money out of their workplace pension upon retirement, however they haven't given much thought to moving their money to generate income in retirement.

**Q** | Please tell me how strongly you agree with each of the following statements?



# The big worry – finding income for life

Areas with which those nearing retirement need most guidance.

I would really value **help calculating the income I will need** in retirement

**75%**

It's difficult to know how my retirement pot will **translate into monthly income**

**70%**

The thought of **having to generate my retirement income** worries me

**65%**

I worry about **outliving my retirement savings**

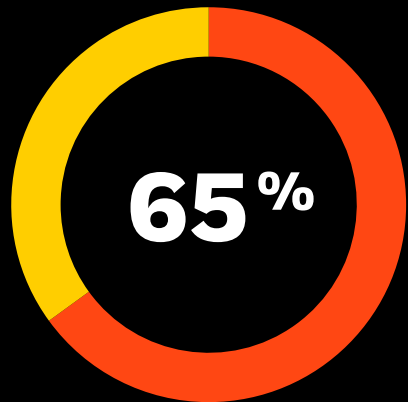
**60%**

**Q** | Can you tell me whether you agree or disagree with the following?

# Pre Retirees need guidance

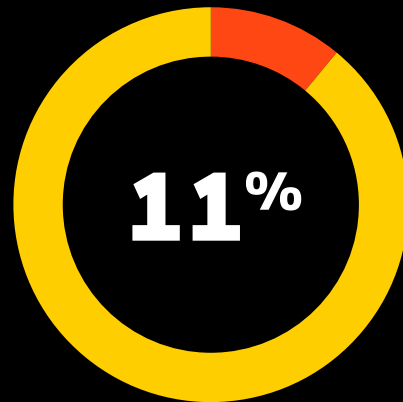
Those nearing retirement would value simple information on how much they'll have and what is best to do with it. More than that, they need solutions that facilitate the journey into decumulation.

## Help them budget more effectively



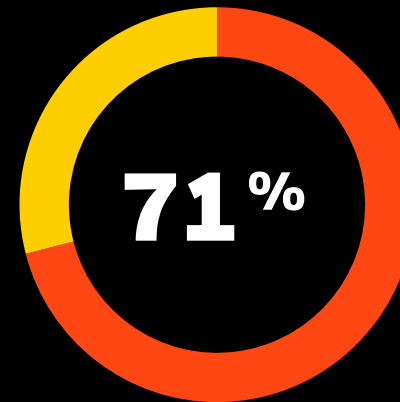
have **at best only a vague idea** of how long their retirement savings might last

## More guidance is essential



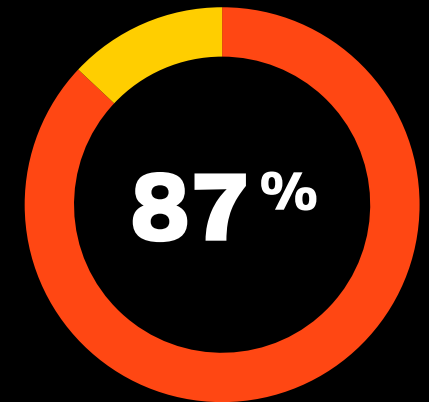
have a very clear understanding of the options available to them to generate income in retirement

## Give them simple choices



would value further education on the options available to generate income in retirement

## Offer solutions



of Gen X and Pre Retirees believe plan providers should offer help to invest pension savings up to and after retirement



## Risk Warnings

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