

Retirement Planning - UK - January 2017

Report Price: £1995.00 | \$2460.23 | €2338.14

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“Too many people have a negative view of retirement, with many expecting their generation’s retirement to be less comfortable than those who came before. However, increases to minimum contributions could show many that they could afford to save more, hopefully prompting above-mandated voluntary increases to savings.”

– **Rich Shepherd, Senior Financial Services Analyst**

This report looks at the following areas:

- **Consumers need a push to improve pension saving habits**
- **A more positive message is necessary to boost engagement**
- **Online advice is the future, but Baby Boomers need to be shown it is the present too**

Planning for retirement is one of the most important, yet all-too-often overlooked, financial activities in a person’s working life. It is also a process that has become both increasingly complex and the responsibility of individual consumers in recent years.

Every stage of the retirement planning journey has experienced some sort of regulatory or legislative upheaval in the last few years. The introduction of the auto-enrolment scheme has provided millions of workers with a workplace pension for the first time, while providers of retirement advice have had to adapt to the Retail Distribution Review and, now, the FAMR (Financial Advice Market Review). Once people reach retirement, they face a greater choice of retirement income products as a result of pension freedoms.

All these changes, and the challenges and opportunities produced by them, put consumers more in charge of their own financial future, but also more at risk of making poor decisions, than ever before. As a result, it could be argued that effective retirement planning has never been as important as it is now.

This Report looks at how people plan for retirement. The Report examines the retirement planning environment, including macro social factors, regulatory and legislative developments, and innovations and launches in the retirement advice industry. Mintel’s exclusive consumer research looks at the type of savings and investment products people own, which ones they expect to use to fund their retirement, and how much people contribute to workplace pensions. The research examines consumers’ preferred channels for accessing different types of advice and guidance, and how people plan to save and invest after they have retired. Finally, the report looks at consumer attitudes towards retirement planning and retirement in general, such as how much of a priority saving for retirement is at the moment, and when people expect to retire.

**BUY THIS
REPORT NOW**

VISIT:
store.mintel.com

CALL:
EMEA
+44 (0) 20 7606 4533

Brazil
0800 095 9094

Americas
+1 (312) 943 5250

China
+86 (21) 6032 7300

APAC
+61 (0) 2 8284 8100

EMAIL:
reports@mintel.com

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

Retirement Planning - UK - January 2017

Report Price: £1995.00 | \$2460.23 | €2338.14

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

Overview

What you need to know

Executive Summary

The market

More pensioners, more pressure on the state pension

Figure 1: Expectation of life, principal projection, UK, 1981-2062

Auto-enrolment continues to increase workplace pension ownership

Figure 2: Pension provisions of UK workers, by type of pension, 2010-15

The consumer

Pension ownership rises but savings and investments stay largely stable

Figure 3: Savings and pension product ownership, October 2016

Figure 4: Investment product ownership, October 2016

Savings accounts and ISAs expected to play a large role in retirement

Figure 5: Products expected to be used to fund retirement, October, 2016

Most workplace pension contributors are paying in the minimum amount

Figure 6: Current workplace pension contribution levels, October 2016

Face-to-face is the preferred channel for professional advice

Figure 7: Interest in different channels for receiving retirement advice and guidance, by types of advice and guidance, October 2016

Two fifths plan to save and invest in the same manner after retiring

Figure 8: Post-retirement saving and investing plans, October 2016

Funding retirement is a concern for many but a priority for few

Figure 9: Attitudes towards retirement planning, October 2016

There is little optimism surrounding retirement

Figure 10: Attitudes towards retirement, October 2016

What we think

Issues and Insights

Consumers need a push to improve pension saving habits

The facts

The implications

A more positive message is necessary to boost engagement

The facts

The implications

Online advice is the future, but Baby Boomers need to be shown it is the present too

The facts

The implications

The Market – What You Need to Know

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Retirement Planning - UK - January 2017

Report Price: £1995.00 | \$2460.23 | €2338.14

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

More pensioners, more pressure on the state pension
 Auto-enrolment continues to increase workplace pension ownership
 The retirement advice market faces more regulatory changes
 Online planning tools target Millennials and Baby Boomers alike

Retirement Planning Environment

Longer life expectancies put greater importance on retirement decisions

Figure 11: Expectation of life, principal projection, UK, 1981-2062

More pensioners, a greater burden on the state

Figure 12: UK population, by age band, and dependency ratios, 2014-84 (based on 2014 projections)

The new state pension took effect in 2016

Figure 13: Projected dates for full transitions to increase state pension ages, by gender

Retirement Funding Options

DC membership continues to grow due to auto-enrolment...

Figure 14: Pension provisions of UK workers, by type of pension, 2010-15

...and attention now turns to increasing contributions

Figure 15: Auto-enrolment minimum contribution timetable

Personal pensions membership slides as a result of auto-enrolment

Figure 16: Number of personal pension schemes, excluding SIPPs, in force, 2010-15

Lifetime ISAs set to launch as an alternative to pensions

Figure 17: Number of ISAs and amounts subscribed, segmented by component type, 2011/12-2015/16

Income drawdown has overtaken annuities

Figure 18: Volume and value of new annuities and income drawdown contracts, 2013-16

Buy-to-let market hit by regulatory changes

Figure 19: Number of mortgages for buy-to-let, monthly, November 2013-October 2016

Regulatory and Legislative Changes

FAMR looks to make advice more affordable and accessible...

...but official guidance services are about to change

Advice allowance: enough to increase take-up?

Encouraging competition in annuities

The Government closes pension 'recycling' tax loophole

Recent Market Developments

Aviva targets Millennials with Shape My Future service...

...and has returned to the advice market

Saga launches planning tool for over-50s

Employer-based advice and guidance enters the market

The Consumer – What You Need to Know

Pension ownership rises but savings and investments stay largely stable

Savings accounts and ISAs expected to play a large role in retirement

BUY THIS
REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Retirement Planning - UK - January 2017

Report Price: £1995.00 | \$2460.23 | €2338.14

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Most workplace pension contributors are paying in the minimum amount
 Face-to-face is the preferred channel for professional advice
 Funding retirement is a concern for many but a priority for few
 There is little optimism surrounding retirement

Savings and Investment Product Ownership

Workplace pension ownership rises to 36%
 Figure 20: Savings and investments product ownership, October 2015 vs October 2016
 Savings and investments ownership stay largely stable
 Pension inequalities persist

Retirement Funding Plans

Not all pension holders expect their pension to fund retirement
 Figure 21: Products expected to be used to fund retirement, October, 2016
 Popularity of Cash ISAs could point to a bright future for Lifetime ISAs
 A third plan to fund their retirement with just one product
 Figure 22: Repertoire of products expected to be used to fund retirement, October 2016

Workplace Pension Contribution Activity

Most workplace pension contributors are paying in the minimum amount
 Figure 23: Current workplace pension contribution levels, October 2016
 A third of DC pension holders voluntarily pay above the required amount
 Women's contributions lag behind men
 Figure 24: Current workplace pension contribution levels, by gender, October 2016

Advice and Guidance Channels

Face-to-face is the preferred channel for professional advice...
 Figure 25: Interest in different channels for receiving retirement advice and guidance, by types of advice and guidance, October 2016
 ...but online channels are more popular for guidance services
 Baby Boomers are resistant to online channels services
 Figure 26: Interest in using online methods to access professional retirement advice and guidance services, by generation, October 2016

Post-retirement Saving and Investing Plans

Two fifths plan to save and invest in the same manner after retiring
 Figure 27: Post-retirement saving and investing plans, October 2016
 People are aware of the length of retirement
 Wealthier savers and investors are more likely to have a post-retirement plan
 Figure 28: Post-retirement saving and investing plans, October 2016

Attitudes towards Retirement Planning

Funding retirement is a major concern...
 Figure 29: Attitudes towards retirement planning, October 2016
 ...but a relatively low priority

**BUY THIS
 REPORT NOW**

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
 APAC +61 (0) 2 8284 8100 |
EMAIL: reports@mintel.com

Retirement Planning - UK - January 2017

Report Price: £1995.00 | \$2460.23 | €2338.14

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 30: Current workplace pension contribution levels, by agreement with the statement "Planning for retirement is a priority for me at the moment", October 2016

Education about retirement options is essential

Attitudes towards Retirement

Is retirement becoming a thing of the past?

Figure 31: Attitudes towards retirement, October 2016

Generation X are the most pessimistic about retirement

Figure 32: Agreement with the statements "I think my generation will not have as comfortable a retirement as previous ones", and "I think my generation will have a more comfortable retirement than future ones", by generation, October 2016

The state pension age: no longer the default marker of retirement

Figure 33: Agreement with the statement "I plan to retire as soon as I can claim the state pension", by agreement with the statement "I expect to have a comfortable income in retirement", October 2016

Appendix – Data Sources, Abbreviations, and Supporting Information

Abbreviations

Consumer research methodology

BUY THIS
REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com