



# Bringing retirement into focus: 2021

Consumer attitudes and expectations



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RetirementStudy](https://standardlife.co.uk/RetirementStudy)

# Bringing retirement into focus would be an easier task if it ever stood still



## Introduction

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It's a pleasure for me to introduce Standard Life's new study, 'Bringing retirement into focus: 2021' which explores what influences people's ability to save for their future, their attitudes, and their behaviours, over five generations.



The good news is that we have seen grounds for positivity. For many, Covid has brought a new perspective on what's important and a focus on wellbeing and togetherness. We see some of that echoed in our findings, with people across the generations – but especially younger people – saying they'd happily cut back on their own spending to help children or loved ones, or that they expect to be responsible for parents or in-laws in retirement. During these uncertain times it's also encouraging to see the interest these younger generations are taking in planning for a brighter future for themselves and for the planet. In the research we also reveal that the gender gap is still prevalent in each of the five generations including the younger ones. We shine a spotlight on the importance that planning can make to not just confidence but also happiness once in retirement.

Bringing retirement into focus would be an easier task if it ever stood still. But in the pensions and savings industry we're used to continual change. Added to this, pre-Covid, average life expectancy was rising, and we have growing numbers from the Baby Boomer generation in retirement, all putting growing pressure on care services. A stubborn gap in pay and pension provision still disadvantages certain sections of society, particularly women. And the generations starting to save for their future today face a jobs and housing landscape transformed from that enjoyed by their parents and grandparents.

While retirement was already transforming before Covid, the pandemic has clearly had an impact on us all, emotionally, financially and socially. Only time will tell how much and for how long these impacts may last, but having a deep understanding of all of our customers' needs has never felt more important. To give us a base line against which we can measure this impact, and to take a pulse of the realities that people face today, we have assessed the attitudes and behaviours of nearly 5,000 people across five generations. We wanted to really understand the impact that gender, age, affluence and education have on financial wellbeing and financial engagement.

Standard Life, now a part of Phoenix Group, the UK's largest long-term savings and retirement business, is approaching its 200-year anniversary. We understand that to be around to serve our customers for the next 200 years, we must put customer insight at the heart of how we innovate to meet their financial wellbeing needs.

This research is already helping us better understand how people from all walks of life are thinking and feeling about retirement. This work will enable us to have deeper and more meaningful conversations with our customers about what really matters most to them and help to shape our thinking for the future so that we can help our customers live the best life possible.

A handwritten signature in black ink that reads 'Sangita Chawla'.

**Sangita Chawla**  
Chief Marketing Officer  
Standard Life, part of Phoenix Group

## A summary of our key findings

62%

Gen Zers happy to save now to help loved ones in future

### Generation Z: contributing, concerned and caring for others

Nearly two-thirds (62%) of adult Gen Zers say they are happy to spend less on themselves so they can help children and loved ones in the future. What's more, 25% of them expect to help their parents financially and to pay for long-term care for a loved one in retirement.

See page 8

73%

Doing little or no planning for retirement

### Planning can bring emotional and financial benefits, yet many still aren't doing it

50% of planners felt more confident about their financial decision making compared with 16% of non-planners. Despite this, almost three-quarters of people (73%) say they are doing little or no planning for their retirement. Women and Gen X are among the least likely to be planning.

See page 4

62%

Prefer to focus on early stages of retirement

### People prefer not to think about later stages of retirement, whether retired or not

62% of retirees prefer to focus on the early stages of retirement when they're fit and healthy. What's more, nearly half of retirees said feeling old (45%) and declining health (45%) were negatives of retirement compared to 27% worried about running out of money.

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26%

Wish they had saved more for retirement

### Too much or too little, retirees report both

With the benefit of hindsight, more than a quarter (26%) of retired people wish they had saved more for their retirement. A similar number (25%) have underestimated the potential length of their retirement and wished they'd known this ahead of stopping work. In contrast, 20% of people overestimated the expense of being retired.

See page 20

52%

More cautious about finances due to Covid

### Covid has had an effect on finances

More than half of people (52%) say they have a more cautious attitude towards their finances because of Covid, with one in 20 people saying Covid had delayed their plans to retire. In addition, three quarters of people said they would consider any debt in retirement as risky, while a quarter said having any debt to pay off would influence the age when they'll be able to retire.

52%

Millennial women confident about making financial decisions

### Gender gap: will it ever close?

The gender difference in confidence was found in every generation with the younger generations being the most marked. 52% of Millennial women felt confident about making financial decisions compared with 66% of men, and 49% of Gen Z women felt confident compared with 60% of men.

See page 12

## About the research

In August of this year, Standard Life commissioned an independent online survey of nearly 5,000 people from around the UK and supplemented this with focus groups to explore issues coming out of the survey in more depth.

The research looked to cover a broadly representative sample of UK adults aged 18 to 80+ covering a range by income, savings, region, gender, ethnicity and other key attributes, and we will be using the results from that plus additional research within future reports.

The study sought to understand attitudes and what influences people's ability to save for their future, how they feel about the decisions they need to take now to plan for their financial futures, and, for those that have already retired, to understand their experience since doing so.

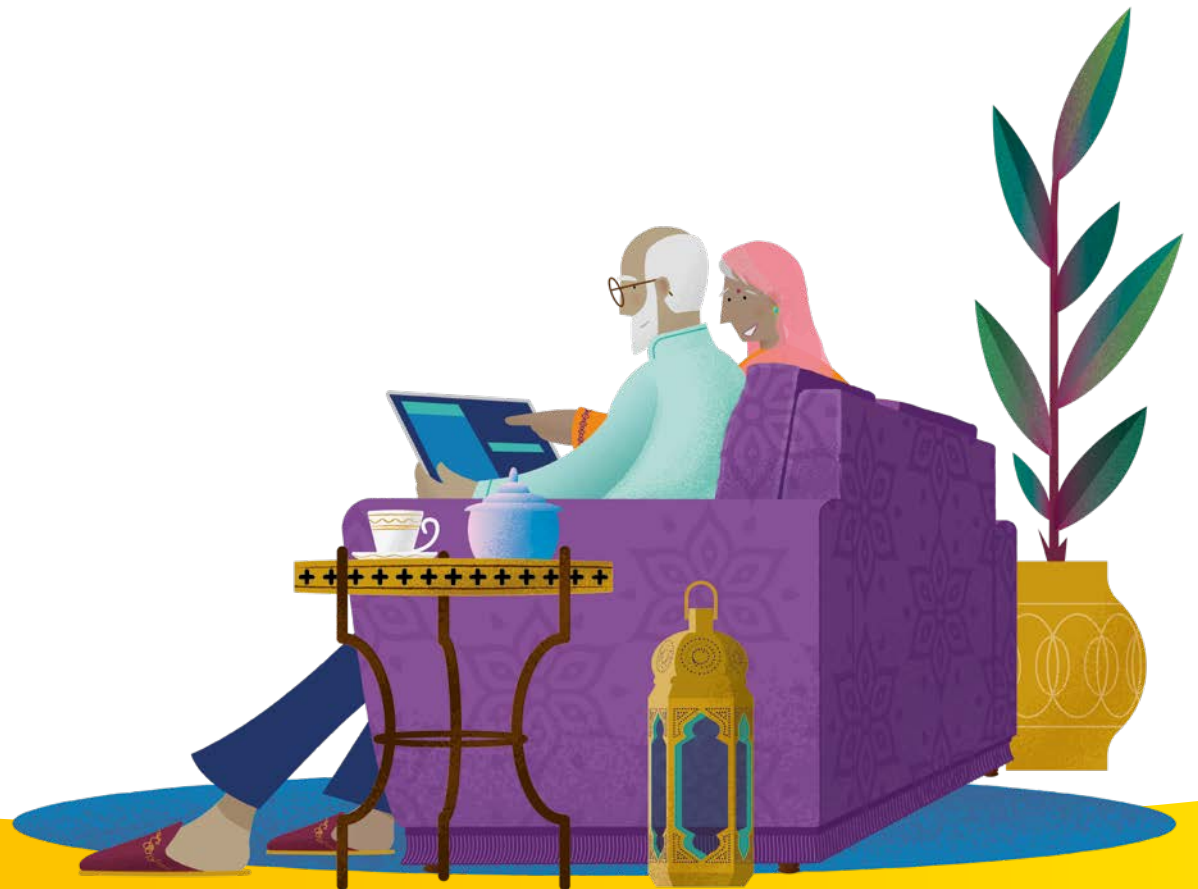
We spoke to  
**4,929 people**  
over **five**  
**generations**



# Planning can bring emotional and financial benefits, yet many still aren't doing it

Planning and taking advice can make a huge positive difference to retirement outcomes. That's why we've looked closely at the role age, gender and socio-economic position play in how people approach financial planning. It's vital to understand the impact these factors have on consumers' confidence in their knowledge of pensions, their expectation and experience of retirement, and the emotional and financial benefits which planning might bring.

**Planners** are more likely to enjoy their retirement, but **73%** say they are doing **little or no planning**



## The positive impacts of planning



## Planning for retirement

When asked how much planning they're doing to understand the amount of money they'll need to live on in retirement, 73% of people say they're doing little or none. Women and low affluence<sup>i</sup> participants are among the least likely to be planning for their financial futures (see Figure 1).

Even between the ages of 50-59, 17% of people maintain they only need to think about retirement planning when they get older.

It is clear that despite the benefits of planning, barriers exist. But we believe greater engagement can lead to more planning and that can lead to better financial outcomes. The insight that so many people are deciding not to plan despite the backdrop of Covid, which our study shows has negatively affected many people's finances and made some people more cautious about retirement, is further proof of how important increasing engagement is.

**Only 21% of Gen X are doing a great deal of planning**

### Most likely:

**To be doing a great deal of planning/thinking**

Men

32%

Baby Boomers

31%

High income

56%

High affluence<sup>ii</sup>

64%

### Least likely:

**To be doing a great deal of planning/thinking**

Women

23%

Gen X

21%

Low income

19%

Low affluence

15%

## Planning makes a difference at all income levels

Wealth has a big bearing on people's enjoyment of retirement with wealthier people more likely to be among those self-described planners. But it's interesting to note that among those with low incomes we can see similar differences in confidence between planners and non-planners, albeit it at lower levels than the wealthy.

The low-income planners expect to be able to retire earlier and think their money will last seven years longer than the non-planners – 17 years compared with just 10.

More low-income planners are enjoying their retirement than the non-planners and they're less likely to regret not having saved enough.

**88% of low-income planners** are enjoying their retirement compared with **76% of low-income non-planners**



# Generation Z – contributing, concerned and caring for others

Gen Zers participating in our study were aged from 18 to 24, representing 12% of our research population.

Their relationship with money has been shaped by major cultural and economic shifts. The job and housing markets have transformed since the time their parents and grandparents were passing their first big financial milestones – and often not in their favour when we consider that house prices have soared ahead of average wages<sup>iii</sup>.

While they appear to be engaged with their finances at an early stage, it's clear that they'll need plenty of support during a long journey.

**62% of Gen Zers**  
say they're happy  
to spend less on  
themselves so they  
can **help loved ones**  
in the future



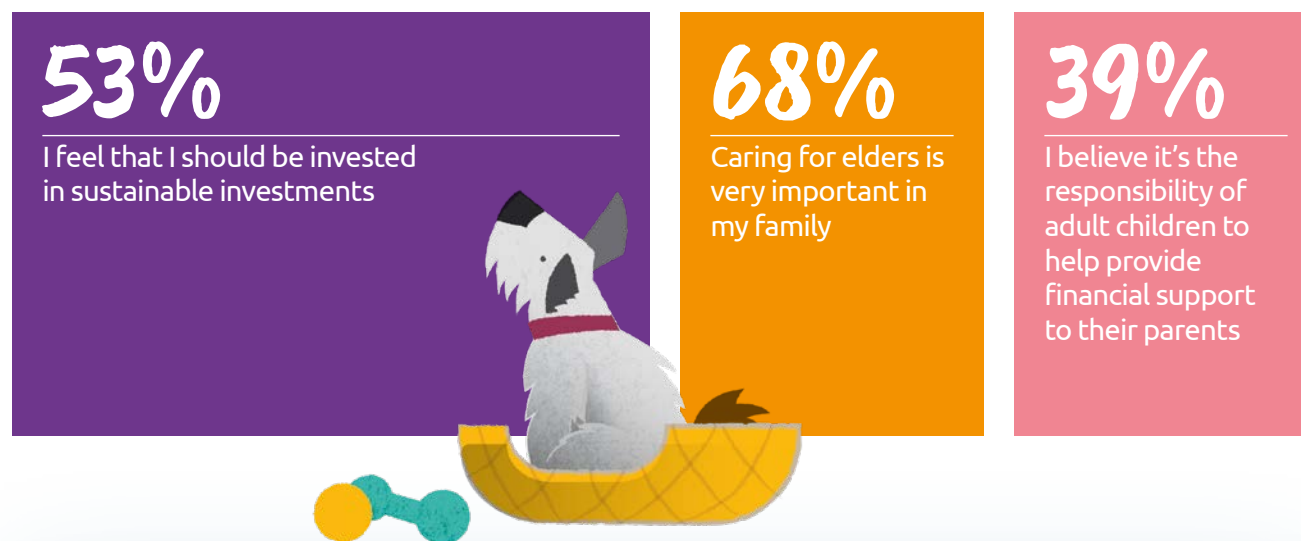
## A caring and responsible core

There is a caring and responsible core to the financial attitudes of Gen Z (see Figure 2). Those surveyed showed a stronger desire for sustainable investing and a greater sense of responsibility for helping others compared with older generations. More Gen Zers expected to leave an inheritance, care for elders and provide financial support for parents than members of all three previous generations.

This often extends to an expectation that their financial commitments towards others will last well into their own retirement. A quarter said they expect to be paying for long-term care for a loved one in retirement. It could be that this expectation is influenced by witnessing the experience of their Generation X or Baby Boomer parents amidst the growing pressures on the social care system. The Covid pandemic is also likely to have had an impact.

Figure 2

### Caring for others (% agree)



## Understanding Generation Z

Born between 1997 and 2012, and with more than 12 million members making up approximately 20% of the UK population<sup>iv</sup>, this generation are on track to be the most diverse ever<sup>v</sup>. Gen Zers are the first generation to be fully raised in the age of digital technology, which has influenced the way they communicate, gather information, spend and save.

They're starting to make their presence known in the workplace, being the first generation to have been automatically enrolled into a workplace pension from the start of their working lives and by 2025 the World Economic Forum estimates they will make up about 27% of the global workforce<sup>vi</sup>.

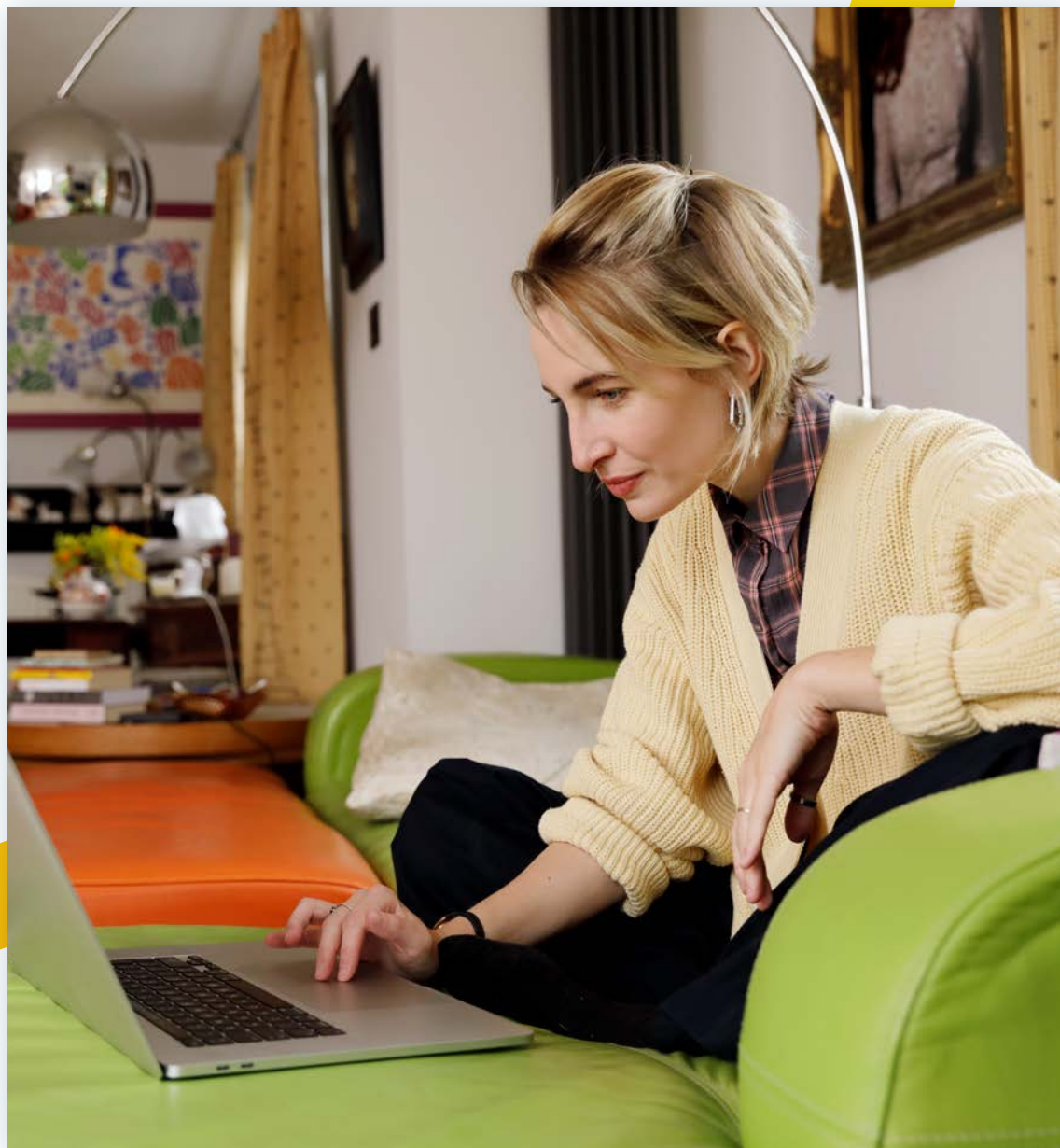
For all these reasons we believe it's important to understand the differences that set them apart so that we can better support them and their aspirations for saving and pensions.

## Confidence but some concerns

When it comes to levels of financial engagement and confidence among Gen Zers it's a mixed picture. More than half say they're comfortable they understand financial products and 29% claim to have done 'a great deal of planning or thinking' about how much money they will need to live on in retirement.

Set against confidence there are also concerns. More Gen Z interviewees were worried about spending too much now in case they run out of money in the future when compared with those aged over 50.

**29% of Gen Zers**  
claim to have done  
a '**great deal of**  
**planning or thinking**'  
about how much  
money they will need  
in retirement



## Risk is a mixed picture

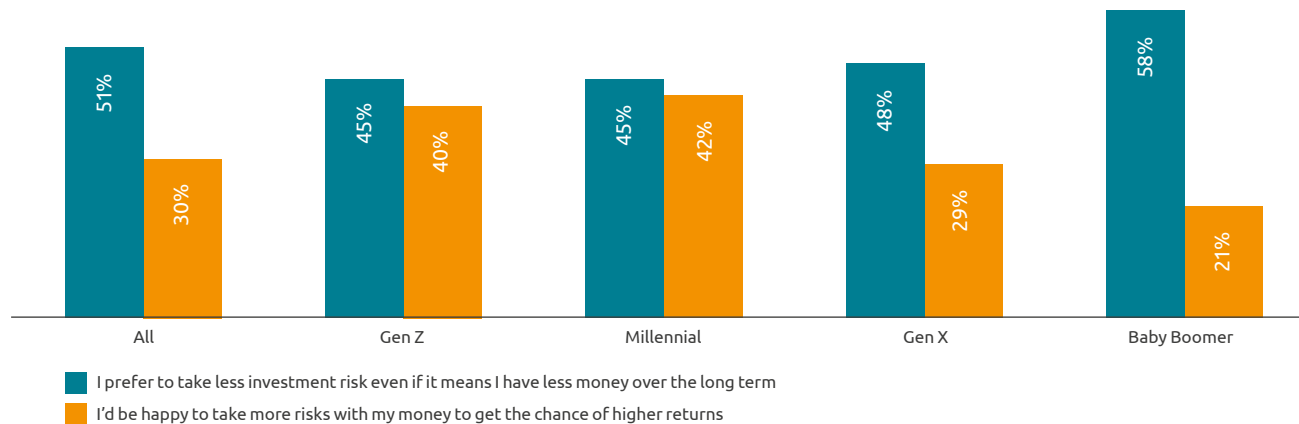
When it comes to investment risk, it's a mixed picture (see Figure 3). 45% said they prefer to take less investment risk even if it means they have less money over the long term while 40% said they'd be happy to take more risks with their money to get the chance of higher returns.

There are a lot of positives shining through from this young generation but the diverse range of views they hold means we will need to work hard to better understand and support them.

**54% of Gen Zers** are comfortable they understand financial products vs. **62% of Baby Boomers**

Figure 3

Financial attitudes – attitude to risk (% agree)



# Gender gap: will it ever close?

Gender differences are smaller among Gen Zers, but are still pronounced in some areas. So has the gender gap really reduced among younger people, or is it simply waiting to widen as they enter their 30s and 40s?

There are clear gender differences across a range of attitudes to financial planning and retirement, though the differences are generally smaller among younger people.

Even the youngest female workers – those aged under-25 – are significantly less confident than men when it comes to financial decision making and financial products.

Far fewer women say they have done a lot of financial planning. More Gen Z women worry about spending too much now, than any other age group. Meanwhile, Millennial women worry more than anyone else about not saving enough for when they're older.

Female Baby Boomers often feel more positive than younger women, yet the gender difference is often largest among this generation.

Across all generations  
**57% of women**  
vs. **70% of men** are  
**confident** making  
financial decisions



## Decision making and financial products

Although there is a clear gender difference in attitudes towards finances and savings, there seems to be an even greater gender difference regarding financial decision making and financial products (see Figure 4).

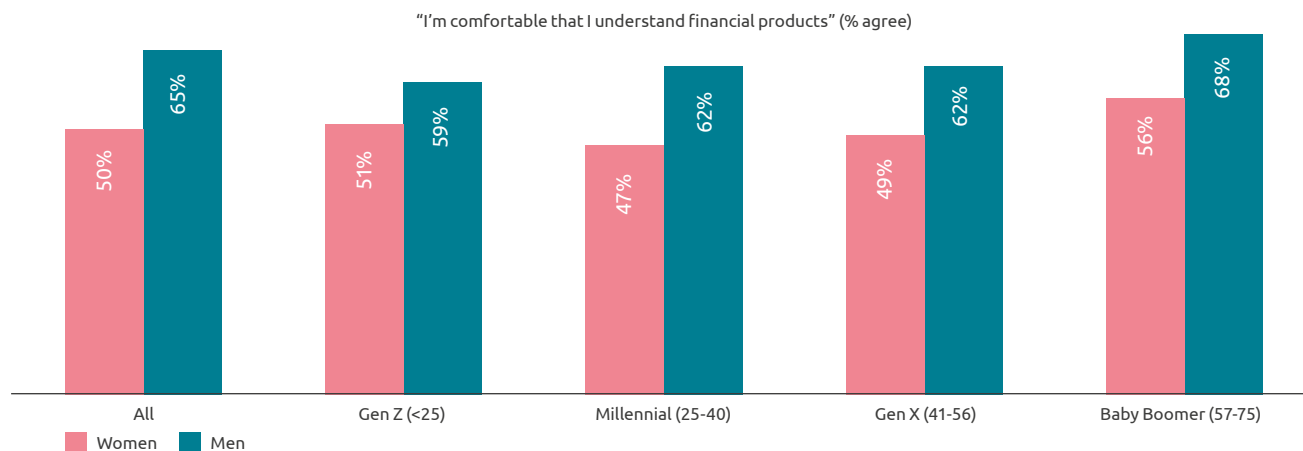
Critically, this gender difference is already apparent in the Millennials, and has also come through in Gen Z. While Gen Z women feel as positive and comfortable about their finances and savings as men, they don't feel as confident making financial decisions (49% vs. 60%). Female Gen Zers are in fact least confident of all groups.

Nor are female Gen Zers as comfortable understanding financial products (51% vs. 59%).

**50% of women  
vs. 65% of men, feel  
comfortable in their  
understanding of  
financial products**

Figure 4

Large gender differences in understanding of financial products exist even among young people



## Finances and savings

Significantly more men say they feel positive about their current financial situation than women.

As shown in Figure 5, there is a bigger difference in positivity levels between Millennial men and women (12%), than for Gen X (8%) or for Gen Z (1%). In other words, an attitudinal divergence seems to occur between men and women between the age 25 and 40. This greater gender difference between Millennials is also true with respect to how comfortable they feel about their savings (10% difference), a gap second only to Baby Boomers, where men are 11% more comfortable than women.

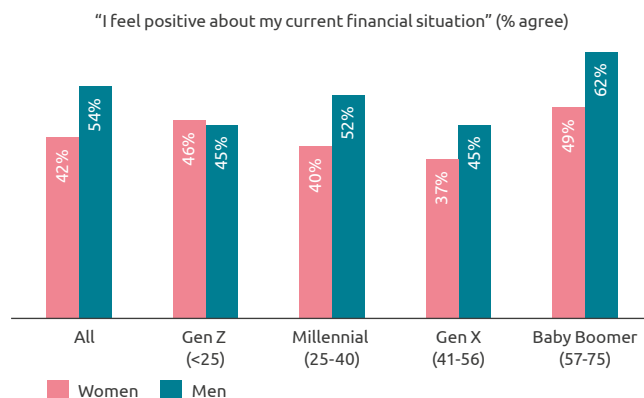


Figure 5

Men are generally more positive towards their finances and savings, but there's little gender difference among Gen Zers

Conversely, men and women in Gen Z feel similarly positive about their finances and their level of savings. It is unclear whether this is because this generation is more equal, or simply because a divergence between men and women of this age is yet to develop.

## Planning

Although not surprising, significantly more men than women claim to have done a great deal of financial planning/thinking (32% vs. 23%). This difference is broadly consistent across each generation, though it is slightest among Millennials (7% difference), and greatest among Gen X and Gen Z (both with a 10% difference).

More than a third (35%) of male Gen Zers claim to have done a great deal of planning, and 25% of female Gen Zers. These figures are the same as for Baby Boomers, and greater than for Millennials or Gen X. These results raise the question of whether different generations conceptualise 'financial planning' in very different ways.

Only 17% women in Gen X claim to have done a lot of planning, the lowest percentage for any group.

**54% of men** feel positive about their financial situation compared with **42% of women**



## Spending and savings

Overall, more women than men worry about spending too much now, in case they run out of money in the future.

Among Millennials and Gen Xers, there is little difference between men and women (3%). The gender difference is much greater, however, among Gen Z. Here, 64% of women worry about spending too much now, compared with 56% of men. In fact, more Gen Z women worry about spending too much now than any other age group.

Meanwhile, female Millennials are most likely to worry about not saving enough for when they're older. The greatest gender difference is among Gen Zers, however, where 67% of women worry about not saving enough, compared with 55% of men.

**59% of women**  
**vs. 50% of men** worry  
about spending too  
much now in case they  
run out of money in  
the future



# People prefer not to think about later stages of retirement, whether retired or not

Retirement is still being reimagined. Our research shows there is no longer anything resembling a consensus around expectations for life after work but the reality of those living in retirement is actually more positive than many in pre-retirement expect, even with the lingering uncertainties of the Covid pandemic.

**62%** of people prefer to focus on the early 'fit and healthy' stage of retirement



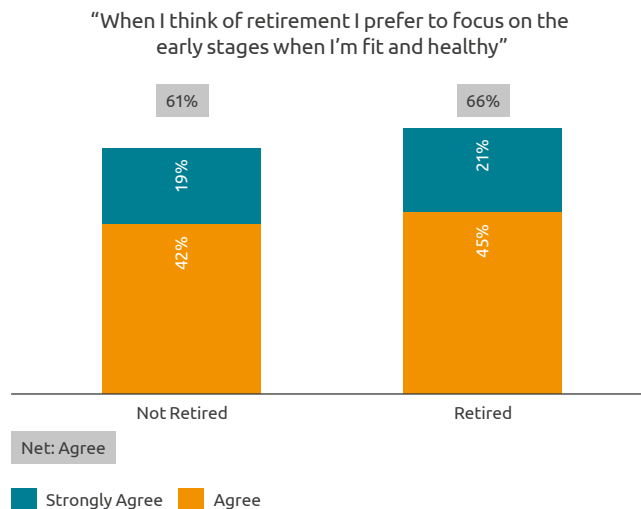
## Focusing on the active phase

One important insight from our study is the recognition that, for most people, whether retired or not, retirement has an active phase followed by a less active one, with the majority focusing much more on the active phase (see Figure 6).

People's reluctance to consider the inactive phase could contribute to the enjoyment and high expectations of retirement. But it could also have implications for how much people think they need to save for retirement and how they spend in the early stages if they haven't fully considered how long they might need their money to last and the costs that could be associated with declining health.

Figure 6

Overall, 62% of people prefer to focus on the early, 'active' stage of retirement



"The difficulty is the timing, while you're well you always think you're going to be well."<sup>vii</sup>



## Positives and negatives of retirement

Retirees are more positive than those yet to retire about many aspects of life in retirement (see Figure 7). More of them view relaxation, spending time with the family, freedom from work and travelling as positives of retirement than those yet to retire.

But there are negatives too (see Figure 8). Nearly half of retirees said they were worried about feeling old and declining health.

As people journey through retirement, we can see the emphasis shifts from money worries to health worries in many cases. While 42% of those who have been retired for less than two years say declining health is a negative of retirement, for those retired for more than 10 years this has risen to 50%.

Those not yet retired worry more than retirees about getting bored, being lonely and having insufficient money. These concerns shift across the generations with more Gen Zers concerned about a loss of self identity or purpose in retirement than later generations, while more Gen Xers are worried about the amount of money they'll have.

Figure 7

Retirees are more positive about aspects of retirement than those yet to retire

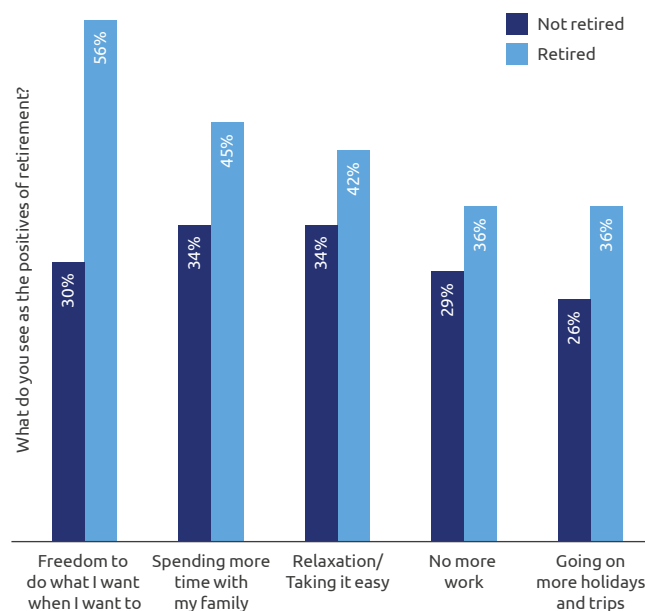
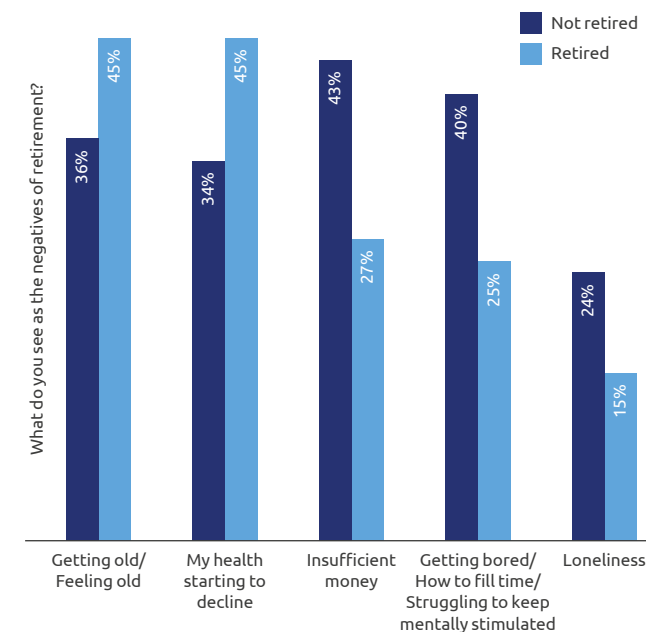


Figure 8

Top five negatives about retirement



## Factors affecting enjoyment

While most people are enjoying their retirement, it's far from universal. Factors like health and affluence make a big difference to enjoyment, along with planning, as we saw in the previous section.

For example, among those with no health conditions 90% are enjoying their retirement either 'very much so' or 'mostly'. But for those with health conditions or disabilities this falls to only 71%.

**90%** of people with no health conditions are enjoying retirement compared with only **71%** of people with health conditions



# Too much or too little, retirees report both

Our research confirms that there is still much that the next generations approaching retirement can learn from the experience of those already retired.

Among today's retirees – including both fully and semi-retired in our study – three-quarters stopped work and went straight into retirement with a fifth continuing in part-time work. The bulk of our retirees (89%) are in the 60-79 age range.

**26%** of retirees wished they had **saved more** for retirement

**20%** wished they had known they **didn't need as much money** as they thought in retirement



## What retirees wish they had known

With the benefit of hindsight, a quarter of retired people wish they'd saved more. A similar number underestimated the potential length of their retirement and wish they'd known this ahead of stopping working. Furthermore, 13% have underestimated the expense of being retired and wish they'd known that they would need more money, and this appears to have had a significant impact on the percentage of this group enjoying their retirement.

## The influence of affluence

It's clear that wealth and affluence have a strong bearing on how people retrospectively view their financial positions. Those with low savings and income were nearly two-and-a-half times more likely than their better-off peers to wish they'd prepared better, and saved more, for retirement, though we can't know if this would have been difficult in their circumstances.

On the flip side, 20% of retirees realised they didn't need as much money as they originally thought and 7% actually curbed their spending too much during their early retirement, when they were still fit and active, for fear of running out of income as they aged.

This shows that for some the greatest risk in retirement is underestimating the length of time they'll be retired while for others the fear of running out of money restricts their spending too much in the early years. More work must be done to support understanding of how much income might be needed to support the lifestyle they want and how long this might need to last.

Figure 9

### What people wished they had known before retiring



# Retirees' needs and experiences – in their own words

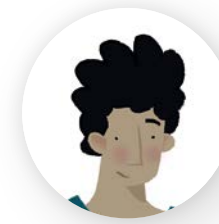
With retirees showing such contrasting needs and experiences within our study we chose to dive deeper into the topic with a series of focus groups.





When we brought retirees together they told us what the word 'retirement' meant to them and how it matched up to their expectations:

"The word doesn't describe the feeling for me – the word sounds final and depressing but the reality is the opposite for me, its freedom and I'm having a ball. It's the start of something not an end."



As we see from the survey data, most prefer to focus on the early stages of retirement when they are fit and well. It can be hard both emotionally and rationally to look beyond this time:

"The difficulty is the timing, while you're well you always think you're going to be well, you think you're invincible even though you know you're not."

"The older you get, the less you need to spend, but you don't know when that's going to be so how do you plan for it?"



Although many of our retirees felt they were part of a lucky generation there was still more they wished they'd known:

"I do feel lucky that I'm in the generation I am... but I think I could have got more out of it if I'd set it up differently to what I did. The company I was working for at the time could have given me a bit more guidance in how it could have been managed. I feel resentful on how little they guided me on it."



As for providers and employers, there were calls to make it simpler and help people understand earlier:

"Maybe there should be more of a responsibility on employers to provide more help and guidance – we only used to get a letter a year."

"It needs to be made simpler for people because a lot of people switch off and if you don't switch off but switch on you just get more and more confused."



And they had advice for young people:

"I've told my children to learn from my mistakes and plan earlier."

"I would say to youngsters think about pensions a bit more, as much as you're not going to want to believe it, you are going to get older, so do take it seriously."



# Findings can help us help more people

The initial findings from our research show real grounds for optimism when we consider the confidence and responsibility demonstrated by the younger generations and the overall levels of enjoyment in retirement. But they also highlight disparities and disadvantages that we can help address along with our industry and wider society.

## It's got to be personal

These new insights highlight the range in expectations and experiences between the generations and within them too. We can see clearly that age, wealth, gender and many other factors will impact everything from financial confidence and aspirations, to when people expect to retire and how much they enjoy it when they get there. We must respect these differences and accept that a one size fits all approach won't work. When we consider Gen Z, for example, our findings show they may expect and need to engage differently with their life savings. But there's a willingness to engage with planning for the future that can be encouraged using the right tools and support, delivered in an omni-channel way. For all our customers we must work harder and more deliberately to make sure that what we offer feels as personal and relevant as possible.



## Bridging the gender gap

The gulf between genders in the older generations when it comes to finances is well documented. But our findings point to a gap in financial confidence that is persisting among Millennial and Gen Z women, even those who may not yet have felt the full impact of pay and pension inequalities. More must be done to address this lack of financial confidence before it results in worse financial outcomes for more generations of women. We'll use what we've learned to shape the development of our education, communication and specific support for women and will offer help at the key life stages that can disproportionately affect women, such as maternity leave, divorce and bereavement.

## Articulating the power of planning

We found that a majority of people were not planning, yet, for those that did there were clear emotional and financial benefits. Our job now is to better articulate these benefits and then give customers the tools and confidence to plan properly. Better targeting of existing educational material like our milestone communications, webinars and pension and retirement calculators can help kickstart the engagement which we see can lead to more planning and potentially better outcomes. But propositional developments driven by customer need are required too. At Standard Life we have expanded what we offer this year by trialling a number of engagement and planning tools like the Homebuyer Hub and Money Mindset service. We will also be developing our guidance proposition and introducing Mid-Life MOTs.

## Supporting those in retirement

The overall enjoyment of retirement is a real positive to come out of our findings but we also see many retirees still in need of support. Many wish they had done things differently and find themselves dealing with the consequences of not saving enough or, in some cases, not spending enough when they were younger and more active. That's why maintaining and effectively communicating a real breadth of options for those in retirement is such an important focus for Standard Life next year. These findings will help shape and accelerate plans for equity release mortgages, a new post-retirement guidance proposition and broader retirement income solutions that help address increasing longevity and the current low interest rate environment. Another area for further research next year is the phase of retirement beyond the non-active phase discussed in this report, where different types of care considerations and their associated costs increasingly come into play.



## Next steps

The research data we have gathered is so rich that we are undertaking further analysis to ensure that our understanding is as deep and meaningful as possible. Over the course of the next 12 months we will return to some of our key themes and publish further updates. By getting a better understanding of the diverse needs of society, we can champion inclusivity and foster better financial and social wellbeing for all.

## Notes and definitions

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- i Low affluence is defined here as households with incomes of less than £20,000 and total savings less than £10,000 'saved or invested in any savings, pension, investments or shares you have (excluding property)'.
- ii High affluence is defined here as having more than £250,000 'saved or invested in any savings, pension, investments or shares you have (excluding property)'.
- iii New Statesman, How UK house prices have soared ahead of average wages <https://www.newstatesman.com/politics/2021/05/how-uk-house-prices-have-soared-ahead-average-wages>
- iv Statista, Population of the United Kingdom from 1990 to 2019 <https://www.statista.com/statistics/528577/uk-population-by-generation/>
- v Pew Research Centre, Early Benchmarks Show 'Post-Millennials' on Track to Be Most Diverse, Best-Educated Generation Yet [https://www.pewresearch.org/social-trends/2018/11/15/early-benchmarks-show-post-millennials-on-track-to-be-most-diverse-best-educated-generation-yet/?\\_ga=2.196434732.1034421642.1631793343-815327322.1631793343](https://www.pewresearch.org/social-trends/2018/11/15/early-benchmarks-show-post-millennials-on-track-to-be-most-diverse-best-educated-generation-yet/?_ga=2.196434732.1034421642.1631793343-815327322.1631793343)
- vi World Economic Forum, How Gen Z employment levels compare in OECD countries <https://www.weforum.org/agenda/2021/03/gen-z-unemployment-chart-global-comparisons/>
- vii Taken from focus group interviews as part of this study.

### Definitions of terms used in this report:

**Generation Z (Gen Zers):** people born between 1997 and 2012

**Millennials:** people born between 1981 and 1996

**Generation X (Gen Xers):** people born between 1965 and 1980

**Baby Boomers:** people born between 1946 and 1964

**Silent Generation:** people born between 1928 and 1945

## Notes

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## GEN3446

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