

Reframing the conversation on retirement



Introduction

As a leading savings and investment business, M&G believes in the ability to build a more secure future together.

That means understanding the challenges people are facing when it comes to financially planning for the future, and then providing tailored solutions for our customers and clients.

People are living longer, but not saving enough for their future. Ageing populations across the world, the cost-of-living crisis, high levels of debt and housing costs are all factors that are impacting people's ability to save. This, combined with differences in generational attitudes to saving and savings advice, and varying degrees of appetite and understanding when it comes to investing for the future, means too many people are approaching retirement without a proper plan in place.

M&G research* shows that outdated perceptions of retirement also risk creating a 'too little, too late' generation who continue to be held back from putting in place the financial plans they need.



Overall, it highlights that there is a new reality we need to face into when it comes to later life planning:

Only

13%

of men

8%

of women

who are not retired have a comprehensive financial plan in place for later life that will allow them to retire and lead the life they desire

46%

of the UK adults who are currently saving for retirement don't feel like they are saving enough

53%

believe there is no such thing as 'retirement' anymore

This new reality poses challenges to the whole of society which, if not addressed, could have far reaching consequences.

The need for a new conversation

At M&G, we **thrive** together with our customers and clients to help them build a more **secure future**, together. Here's how we plan to **change the conversation**.

Change the Conversation



Recommendation 1:

A comprehensive review of portrayals of retirement, considering what change could nudge more people to engage with later life planning and increase contribution rates.



Recommendation 2:

A clear roadmap on the future of auto-enrolment contribution rates to tackle under-saving in workplace pensions with consideration given to targeted support for lower income groups.



Recommendation 3:

A review of financial education provision, so that school leavers understand basic principles related to pensions saving, so they can boost returns at different stages of their savings journey.



Recommendation 4:

Better access to affordable financial advice, ensuring the UK has the right regulatory architecture for regular savers to tap into bespoke, simple, affordable advice, guidance and targeted support.

Critical to addressing this mounting challenge is identifying the barriers that are preventing people from taking the necessary steps to financially prepare for later life. While the Government undertakes significant pension reform, there also needs to be a focus on how we empower, inspire and support people to engage more proactively with their later life finances.

At M&G we believe the first step in tackling this challenge is enabling a **new kind of conversation – a cultural re-set on how we talk about pensions and savings in the UK**. From the language we use, to how we visually represent later life, to the tools and education provided to help people know how and when to save for the future.



Changing the conversation to inspire action

While 40% of people cite affordability as the reason they have not started to plan financially for retirement, another significant barrier is that people do not relate to the current depictions and portrayals of later life.

An AI generated depiction*** of what day-to-day life in retirement stereotypically looks like in the UK paints a rather outdated picture.



Our research reveals that nearly three in five (58%) of those not retired in the UK think the way retirement is written, talked about or portrayed is uninspiring, while a further 55% say it doesn't reflect the life they want to lead.

Nearly half of the UK adults who are not retired associate retirement with traditional activities, such as gardening and home improvements (47%) and reading (46%) and, as a result, nearly three-quarters (72%) believe retirement needs to be portrayed in a more accessible way.

At M&G we believe that addressing the stereotypical visual portrayal of later life is a great way to start to challenge misconceptions and shift perceptions.

It's why we have launched a bank of rights free imagery which reflects the variety of later life opportunities that are available.

Featuring 18 portraits, the series, which is featured throughout this report, shows people over 50 embracing this next stage of life, making conscious choices to continue to work, look after grandchildren, compete in challenges, exercise more or even begin a new career.

We also believe there is a need to lead a national conversation about the positive benefits of pension savings. To do this we want to investigate the impact that portrayals of later life have on deterring or motivating people to take action.



Recommendation 1:

A comprehensive review of portrayals of retirement, considering what change could nudge more people to engage with later life planning and increase contribution rates.



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From passive to proactive when it comes to managing your money

Perhaps the biggest challenge when it comes to later life financial planning is a lack of proactivity, which is having a tangible impact on the amount of money people are accumulating. Almost half (49%) of those surveyed by M&G said that they wished they had considered retirement planning earlier in life and, worryingly, **over a third (35%) of 45-54 year olds have not even started planning yet.**

Auto-enrolment has been a significant public policy success. However, while it has enabled people to start their savings journey, there is wide recognition that contribution rates need to be looked at in relation to future adequacy requirements.

The 'one size fits all' approach to how much an individual contributes each month encourages a passive approach to saving which is reflected in attitudes to pension savings, as 39% of people admitted they pay the lowest amount possible into their pension pot and more than half (52%) of people surveyed have never voluntarily increased their pension contributions.

There's a clear 'say/do gap' that is illustrated by social conversation. Across platforms like Instagram and Tik Tok retirement planning has over one million mentions**. The aspiration for an early, comfortable retirement is driving the conversation, but actions do not mirror the ambition. People are saying they want to retire early but the passive approach means that on average, 25-34 year olds do not intend to start planning for retirement until 41.

We need to do more to highlight the alternative investment routes available. For most people, enrolling in an employer pension scheme is the most tax-efficient way to invest – but this approach does not work for everyone, especially if they have other financial priorities. Even if this is the right route, we need to move away from relying on the 8% minimum auto-enrolment contribution rate¹, as it won't result in enough savings for the majority.

As well as the amount we invest, people are also concerned with the inflexible nature of pension schemes. One in five people said they would be more likely to invest if the pension or long-term savings product offered flexible withdrawal options.

As an industry we need to work together to position pensions as an active and empowering form of investment, particularly for workplace schemes and the need to increase auto-enrolment contribution rates. As the Government assesses next steps on auto-enrolment, we believe there is merit in considering reform that enables targeted support to those on lower incomes in order to maximise savings potential for these groups. This should evaluate the advantages of the existing system in a cost constrained environment for individuals and employers.



Recommendation 2:

A clear roadmap on the future of auto-enrolment contribution rates to tackle under-saving in workplace pensions with consideration given to targeted support for lower income groups.

From overwhelmed to empowered

A lack of understanding of the pensions and investments landscape is preventing people from investing.

Our research shows that a fifth of Brits feel overwhelmed when it comes to thinking about their financial future and 35% don't feel confident about making long-term financial decisions.

It is clear that currently, people don't know where to go to seek financial advice. 76% haven't sought financial advice in the last five years. Our research shows that two thirds (67%) of people do think more education on how to plan for later life would be helpful.

To support younger generations, and prevent the 'too little, too late' generation becoming the norm, we believe a review of financial education provision should examine how well-equipped school leavers are in understanding basic principles related to pensions savings. There is a significant opportunity to educate those coming up to school leaving age about the benefits of compounding, differences between cash and equity investing, how asset allocation dictates savings outcomes and the potential to boost returns, as well as an appreciation of what risk means when it comes to investment decisions. To build on this, further consideration should also be given to mid-life education opportunities so that individuals can take stock of their financial circumstances and consider taking action.

We believe that strengthening people's financial literacy at an earlier age would build financial confidence and contribute to greater take-up of financial advice. From our social media analysis**, there is clear appetite and yet the numbers seeking advice remain low, with only 20% of Brits seeking financial advice from a professional adviser in the last five years according to M&G's research. Getting the regulatory architecture right so that regular savers can use affordable advice, guidance and targeted support has huge potential to bring about cultural change.

Alongside providing advice delivered in a way that resonates, there is a need to focus on real life experiences of individuals who have planned for later life and are enjoying a wealth of experiences after retirement. This responds to our research which shows people would value an accessible and positive view of what later life holds.



Recommendation 3:

A review of financial education provision, so that school leavers understand basic principles related to pensions saving, so they can boost returns at different stages of their savings journey.



Recommendation 4:

Better access to affordable financial advice, ensuring the UK has the right regulatory architecture for regular savers to tap into bespoke, simple, affordable advice, guidance and targeted support.

Conclusion

There is a need to change the conversation and reframe the debate on later life.

Our research shows the reality of later life is radically different today than it was in previous decades, and we are misrepresenting how people are enjoying their later years. The risk is the 'too little, too late' generation continues to grow, and people do not put in place adequate plans for later life or understand the consequences of not doing so.

We believe challenging outdated depictions of later life will remove a significant barrier and motivate people to engage with their pension and savings in an empowered way.



We recommend the following actions:

1. A comprehensive review of how retirement is portrayed, considering what changes could nudge more people to engage with later life planning and increase contribution rates.
2. A clear roadmap on the future of autoenrolment contribution rates to tackle under-saving in workplace pensions with consideration given to targeted support for lower income groups.
3. A review of financial education provision, so that school leavers understand basic principles related to pensions saving, so they can boost returns at different stages of their savings journey.
4. Better access to affordable financial advice, ensuring the UK has the right regulatory architecture for regular savers to tap into bespoke, simple, affordable advice, guidance and targeted support.

By implementing these recommendations, alongside positive representations of later life, we believe a new national conversation can start to take place that inspires people to plan proactively for the future.

Data methodology

This report has been informed by quantitative and qualitative research, which has been conducted in collaboration with YouGov and Edmonds Elder.

***Quantitative survey (All research cited in this document refers to the below survey data unless otherwise stated)**

*All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2079 adults, of which 1,581 are not retired. Fieldwork was undertaken between 31 October – 1 November 2024. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+). This has provided measurable data on a range of issues and attitudes on retirement and longer life financial planning. The data gathered from these surveys has helped identify common trends and challenges that industry and government face across the UK, adding statistical weight to the report's conclusions.

****Qualitative social media analysis**

Qualitative research was conducted through a social listening exercise, which played a central role in capturing the nuanced perceptions on retirement and longer life planning. The exercise used social media listening tools to analyse conversations around retirement on X and online forums and included a manual review of platforms including Instagram and TikTok to highlight the nature of public conversations around retirement.

Additional analysis of Google search data and trends identified what people are searching for in relation to retirement. The qualitative data derived from this analysis enriched the findings of this Agenda for Change, adding depth and context to the quantitative survey results.

*****AI image**

The prompt used to generate the AI collage of images was through popular app, Chat GPT 4: To summarise, please provide a collage of images that depict day-to-day life in retirement in the UK for your average person. We acknowledge the faces on the AI imagery are distorted. This is a Chat GPT 4 limitation and policy/ethical safeguarding process, reducing the risk of deepfake misuse.

