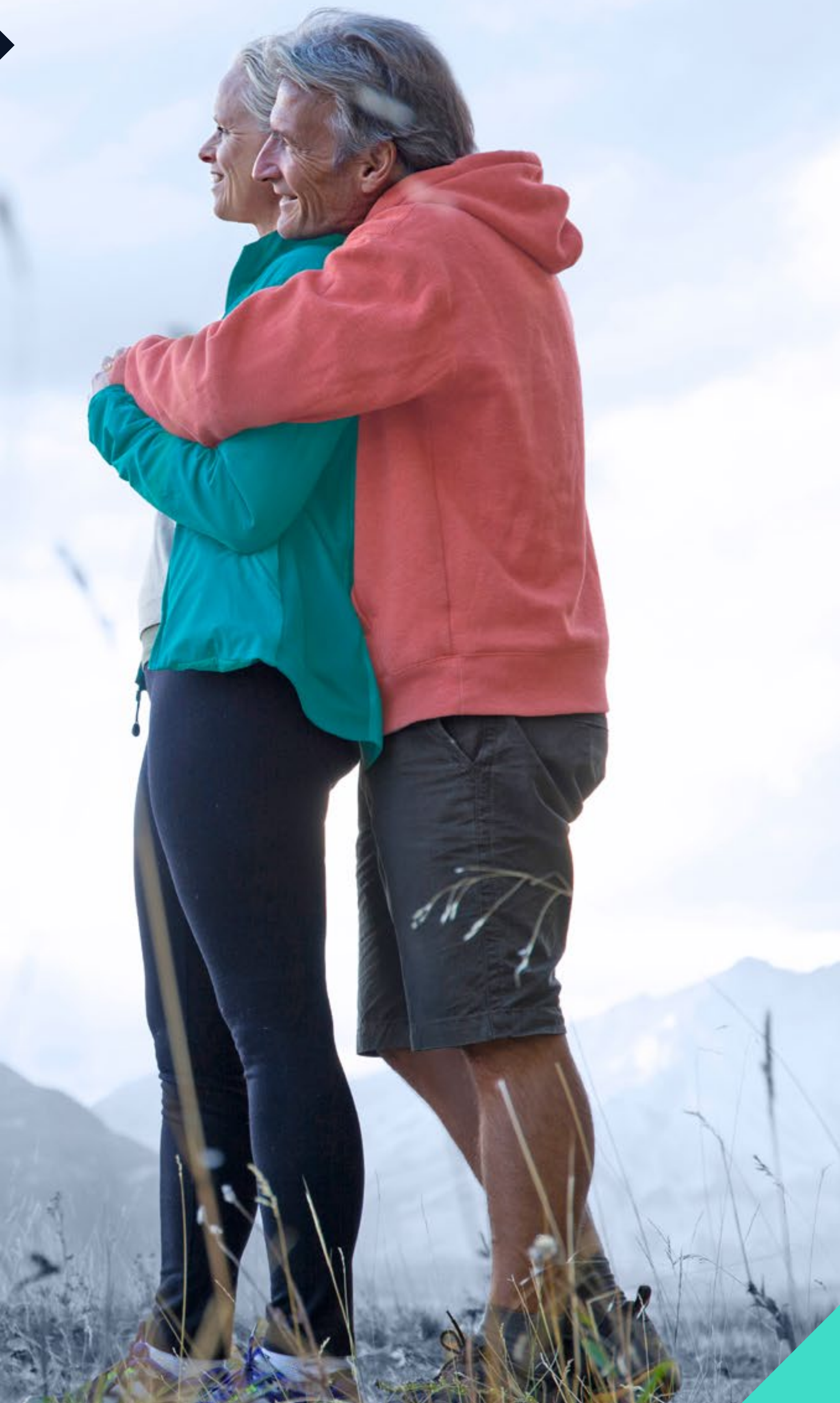
St James's Place

Retirement Report 2025

Where next for pension adequacy?



Contents

Research methodology

Opinium surveyed 6,000 UK adults nationwide between 23rd December 2024 and 17th February 2025. Quotas and post-weighting were applied to the sample to make the dataset representative of the UK adult population. Within this poll, the relevant weighted sub-samples were:

Sex/Age	
Male	2,895
Female	3,091
18-24	703
25-34	954
35-44	937
45-54	1,054
55-64	869
65-74	931
75+	553
Region	
Scotland	615
Northern Ireland	214
North East	238
North West	657
Yorkshire & Humberside	486
East Midlands	436
West Midlands	523
Wales	280
East of England	436
London	775
South East	824
South West	518
City	
Belfast	207
Birmingham	544
Brighton	150
Bristol	267
Cambridge	82
Cardiff	160
Dundee	73
Edinburgh	267
Glasgow	283
Hull	83
Leeds	288
Leicester	77
Liverpool	261
Greater London	1,263
Maidstone	64
Manchester	473
Milton Keynes	76
Newcastle	232
Norwich	146
Nottingham	252
Oxford	69
Plymouth	166
Reading	54
Sheffield	169
Southampton	232
Swansea	62
Earnings	
Up to £20,000 a year	1,745
£20,001 to £40,000 a year	2,107
£40,001 to £60,000 a year	830
£60,001 to £80,000 a year	363
Over £80,000 a year	351

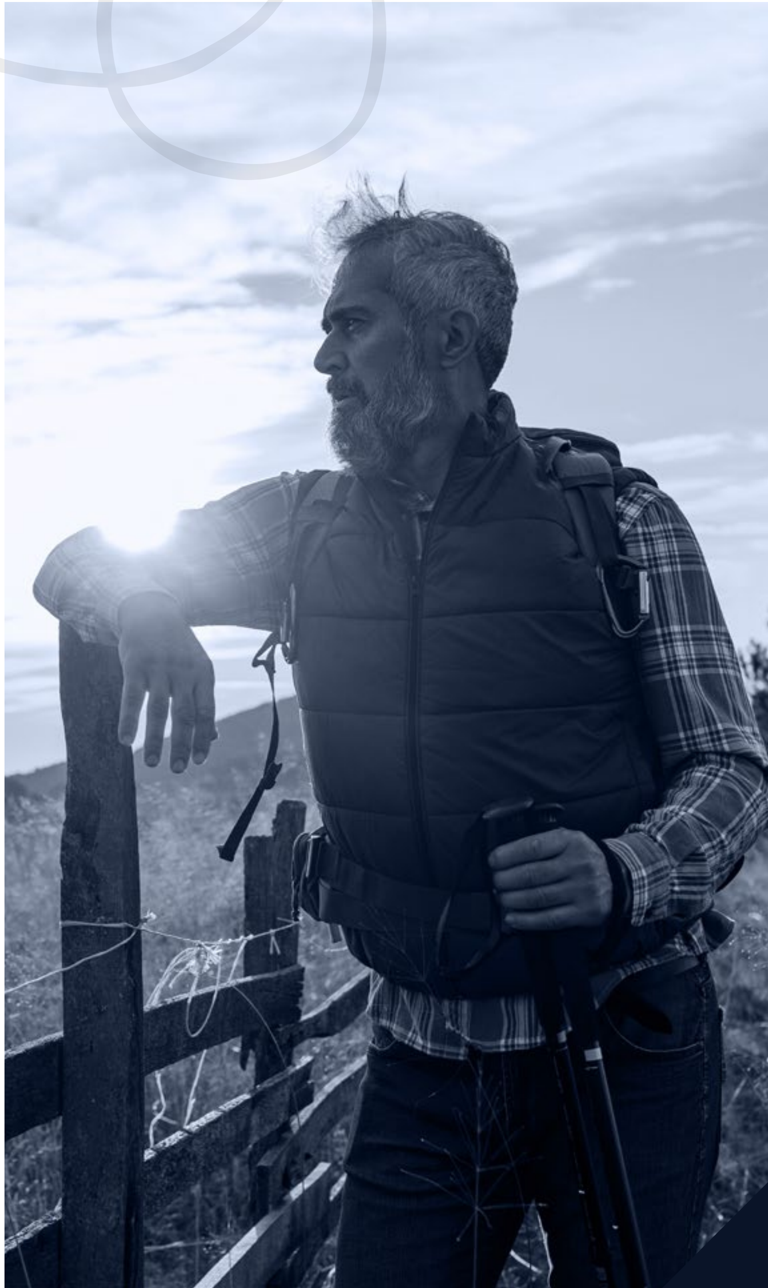
As part of investigating into total pension wealth and confidence in reaching retirement living standards, additional research was conducted amongst a nationally representative sample of 2,060 adults aged 16+ between 26th and 28th March 2025. Quotas and post-weighting were applied to the sample to make the dataset representative of the UK adult population. Within this poll, the relevant weighted sub-samples were:

Sex/Age	
Male	1,003
Female	1,056
18-24	258
25-34	331
35-44	327
45-54	322
55-64	323
65-74	248
75+	252

Region	
Scotland	171
Northern Ireland	57
North East	82
North West	227
Yorkshire & Humberside	169
East Midlands	150
West Midlands	182
Wales	96
East of England	193
London	270
South East	285
South West	178

City	
Belfast	51
Birmingham	185
Brighton	64
Bristol	86
Cambridge	26
Cardiff	55
Dundee	28
Edinburgh	64
Glasgow	89
Hull	28
Leeds	91
Leicester	29
Liverpool	85
Greater London	463
Maidstone	17
Manchester	177
Milton Keynes	17
Newcastle	81
Norwich	78
Nottingham	85
Oxford	24
Plymouth	59
Reading	19
Sheffield	58
Southampton	92
Swansea	10

Earnings	
Up to £20,000 a year	686
£20,001 to £40,000 a year	700
£40,001 to £60,000 a year	274
£60,001 to £80,000 a year	81
Over £80,000 a year	95



Alex Loydon
Director of Advice Policy and Operations,
St. James's Place

Those with a financial plan in place are much more likely to feel confident about funding their retirement than those without.

As the UK navigates the challenges of an ageing population, the question around how to ensure adequate levels of retirement savings becomes ever more pressing.

The shift from defined benefit to defined contribution pension schemes has transferred the burden of saving for retirement onto individuals and, while the introduction of automatic enrolment into workplace pension schemes marked a significant milestone in promoting retirement savings, the harsh reality is that many individuals are facing significant shortfalls. This has led to a growing disparity in retirement income where many workers, particularly those in low-wage jobs or part-time roles, as well as women, are ill-equipped to accumulate adequate savings. Compounding this issue is the rising cost of living, putting additional pressure on finances and on our ability to put money aside for later years.

As a society, we face significant gaps in our awareness and how prepared we are.

Our research into the financial health of the nation highlights how the level of engagement with retirement savings remains way too low. Most people lack a clear understanding of how much they need to put aside to fund a reasonable standard of living in retirement with many severely underestimating the amount of money required.

It is evident that most people across the UK are on track to fall far short of even moderate retirement living standards, placing the state of retirement confidence at a pivotal crossroads.

In contrast, our report also reveals that, regardless of earnings or circumstance, those with a financial plan in place are much more likely to feel confident about funding their retirement than those without. They are also more engaged, prioritising their retirement savings more and reviewing progress against their goals more regularly.

As we move forward, it's essential we empower more individuals to do the same. This requires decisive action at a policy, industry and individual level. We see the integration of financial education into the core school curriculum as critical, addressing the current shortfalls in automatic enrolment contributions and ensuring the stability and predictability in the tax treatment of pensions as key, and we welcome proposals to enhance access to guidance and financial advice to help overcome barriers to retirement planning.

Finally, we must foster a national conversation about the value of pensions; encourage everyone to engage in discussions about their future plans and the importance of saving for retirement. This is critical if we are to help change the direction of the nation's retirement reality.

Introduction and key findings

The pensions landscape has changed significantly over the last decade.

While the introduction of automatic enrolment into workplace pension schemes in 2012 has been, in many respects, a great success and state pensions have increased, higher costs of living and lower-than-expected growth in earnings have made the retirement landscape more challenging.

In addition, defined benefit schemes – which typically guaranteed an annual income in retirement based on your final salary and years of service – are largely a distant memory. Data from the Office for National Statistics (ONS) between April 2018 and March 2020 showed that people were more likely to pay into a defined contribution pension (26%) – where the size of your pot depends on how much you, as an employee put in, how much your employer is prepared to match, and investment growth – than a defined benefit pension (23%).

Moreover, despite participation in defined contribution schemes rising rapidly since the government introduced automatic enrolment, contribution levels remain well below what is required to live reasonably comfortably in retirement. ONS data shows 57% of people aged 16 years to State Pension age were contributing to a private pension between April 2018 and March 2020, up from 43% between July 2010 and June 2012. However, data from the Institute of Fiscal Studies shows that 6 in 10 (61%) of middle-earning, working-age private sector employees making contributions are saving less than 8% of their earnings. This is against a recommended average of around 15% to 20% depending on when you start.

Against this backdrop, our research analyses where people believe they are on their retirement road trip, looking at levels of confidence in retirement living prospects. It also looks at how current levels of understanding of what is required to live reasonably well in retirement as well as levels of engagement around retirement savings.

Our research highlights three major concerns:

1. **A retirement confidence gap:** with significant current shortfalls in retirement savings and many people lacking confidence they'll be able to save enough to reach the savings targets for a more comfortable standard of living in retirement.
2. **A great underestimation:** of how much money they need to put aside for a relatively comfortable lifestyle in their later years.
3. **Poor levels of engagement around retirement savings:** with not enough people prioritising saving for retirement or checking where they stand against their goals.

Almost 1 in 5 (17%)

Only have the state pension as their pension wealth.

3 in 5 (60%)

are not confident they'll have saved enough for a moderate standard of living in retirement.

1 in 5 UK adults

have never reviewed their pensions.

Nearly a quarter (23%)

say saving monthly for retirement is not a priority.

1 in 5 adults

believe they need less than £50,000 in total to live moderately well in retirement.

Twice as many

people with a financial plan are confident they'll achieve a comfortable retirement.

The retirement confidence gap

Looking at the current state of play, our research into UK adults' pension wealth paints a worrying picture, highlighting first how a significant number of people are not on track for a reasonable standard of living in retirement, and second the gap in confidence that they will ever reach the savings levels required to achieve that.

Most people are simply not aware of how much money they need to put aside for a relatively comfortable lifestyle in their later years and hugely underestimate how much they need to save. This lack of awareness of the key retirement numbers is no doubt denting the nation's ability – or those with the means to take greater action – to achieve the level of retirement comfort they're expecting.

The current retirement shortfall
We asked people across the UK about their pension wealth – the amount they have across any workplace scheme and individual pension plans outside of the state pension (i.e. any workplace defined contribution pensions, workplace final salary/DB pensions or private pension/SIPPs).

As the table below shows, almost one in five (17%) say they are solely relying on the state pension in terms of retirement provision. Positively, the impact of automatic enrolment is clear to see, with a significant divide between older and younger generations in terms of retirement savings in addition to the state pension. Only 7% of younger age groups (16 to 24 year-olds and 25 to 34 year-olds) say their only pension is the state pension compared to one in five (19%) 55 to 64 year-olds, and 28% of 65 to 74 year-olds, relying solely on this.

Source:

https://www.ons.gov.uk/file?uri=/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/pensionwealthwealthingreatbritain/july2006tojune2016andapril2014tomarch2022/pensionwealthtables.xlsx

Demographic	% that only have the State Pension	Average estimated pension wealth
16 to 24 year-olds	7%	£17,167
25 to 34 year-olds	7%	£39,966
35 to 44 year-olds	12%	£44,838
45 to 54 year-olds	16%	£48,595
55 to 64 year-olds	19%	£89,349
65 to 74 year-olds	28%	£76,151
75+ year-olds	37%	£44,086

To give an average estimated pension wealth, survey respondents were asked: 'Considering all the pensions you have (including any workplace defined contribution (DC) pension, a workplace final salary/DB pension or a private pension/SIPP), what would you estimate is the current total value of your pensions combined, or what was the total value of all your pensions combined at retirement?'

However, as the data also shows, among those that are saving beyond the state pension, it is clear that most people are still far behind where they should be on their route to a comfortable or even moderately comfortable retirement.

It also shows that those reaching or already at retirement have retirement savings to only fund a minimum standard of living in the years ahead.

On average, UK adults estimate their total pension wealth at £50,923.

Looking at those either at retirement or closer to retirement:

- 65 to 74 year-olds, i.e. those who are reaching retirement age, or who may already be in retirement have an average estimated pension pot of £76,151;
- While 55 to 64 year-olds estimate they have £89,349.

While some people in these age groups will be supplementing their retirement incomes by working longer or part-time, these levels of pension wealth are far from the estimated pension pots required for either a moderate or comfortable standard of living in retirement – around a £400,000 shortfall to a moderate retirement and around £700,000 for a comfortable one compared to figures from the Pensions and Lifetime Savings Association (PLSA) as detailed below. Indeed, the average estimated pension pot is only enough to fund a minimum retirement.

In early 2024, the PLSA provided tiered standards of living in retirement and estimates of the retirement funds needed to maintain certain standards of living. As the table below shows, to meet a minimum standard of living in retirement, a person would require a retirement fund of £70,000 to cover all their basic needs and allow for a week-long UK holiday each year, eating out once a month, some affordable leisure activities twice a week, but no car.

Standard of living in retirement	Living costs per annum according to the PLSA	Upper range of PLSA estimates of total pension pot required
Comfortable A lifestyle where you can be more spontaneous with your money including a generous food and clothing budget, a more luxurious two-week holiday abroad, additional holidays in the UK, eating out regularly every month, a relatively new car, and further spending on leisure.	£43,100	£790,000
Moderate A lifestyle where you can enjoy more financial security including a more modest two-week foreign holiday per year, an older car, and eating out a few times a month.	£31,300	£500,000
Minimum A lifestyle which would cover all your basic needs in retirement, but where the income available would restrict further spending to a week-long UK holiday each year, eating out once a month, some affordable leisure activities twice a week, but no car.	£14,400	£70,000

The upper range of PLSA figures – a total pension pot of £300,000-£500,000 for a moderate retirement and £490,000-£790,000 for a comfortable retirement lifestyle – has been used as a benchmark as according to our own and wider industry calculations, the funds required to achieve the living standards outlined above have increased over the period given the ongoing rise in cost of living.

More worryingly, while our data shows that those approaching or in retirement have only enough retirement savings on average to fund a minimum retirement lifestyle, it also shows that for many UK adults their retirement saving is falling short of this minimum threshold. Overall, over half (56%) of those who know their pension savings say they have less than £75,000, with 46% of 65 to 74 year-olds, and 40% of 55 to 64 year-olds having only put aside this amount.

Unless there's a serious step change in terms of pension saving, a concerning number of UK adults will not reach even a minimum retirement living standard.

While younger generations have some time on their hands, it's clear that, unless there's a serious step change in terms of pension saving, a concerning number of UK adults will not reach even a minimum retirement living standard, let alone a moderate or comfortable one.

A significant gap in confidence in reaching a degree of retirement comfort

Given this, it's there unsurprising that many people are not confident they'll reach the PLSA's moderate or comfortable retirement living standards targets.

For a moderate standard of living, people can enjoy financial security including a more modest two-week foreign holiday per year, an older car, and eating out a few times a month. That would mean a single person would need an estimated retirement fund of £31,300 a year or up to £500,000 in total for a moderate lifestyle in retirement.

However, three in five (60%) people are not confident they will have £500,000 saved up by the time they retire– with just 28% feeling confident they can achieve this reality.

Concerningly, those closer to retirement with perhaps a more accurate grip on how far their pensions savings will see them through in retirement, were the least confident they'd be able to save this amount by the time they retire to enjoy a moderate standard of living. Just 15% of those aged 45-54 and 55-64 are confident they will have £500,00 saved by retirement, with similar levels reported by those aged 65-74 (17%). Moreover, among those closest to retirement aged 75+, only 23% are confident they can achieve a moderate standard of living in retirement.

The younger generations who are furthest away from retirement were most confident they'd be able to save £500,000 by the time they retire, with two in five 16 to 24 year-olds (40%) and 25 to 34 year-olds (40%) feeling confident. 35 to 44 year-olds were less confident than those younger than them in achieving a moderate standard of living in retirement, but more confident than those closest to retirement (32%).

The gender pensions gap extends to pensions confidence, with men more likely to feel confident they'll have saved £500,000 for a moderate retirement. Over one in three (34%) men are confident in achieving this compared with just 21% of women.

It's a similar picture when it comes to reaching a comfortable standard of living in retirement. For this, the PLSA estimates a single person will need £43,100 per year, or up to £790,000 in total, which would allow for a generous food and clothing budget, a more luxurious two-week holiday abroad, additional holidays in the UK, eating out regularly every month, a relatively new car, and further spending on leisure.

Overall, more than three times as many people don't feel confident they'll be able to build up this amount of money (67%) compared to 21% who say they are confident they can save this amount by the time they retire.

Younger age groups, at the start of their retirement saving journey, are most confident they can build up enough for a comfortable retirement, with a third (33%) of 16 to 24 year-olds and 30% of 25 to 34 year-olds confident they can do this. However, this confidence diminishes as people move closer to retirement age and have a more realistic view of their pension wealth. Less than a quarter (23%) of 35 to 44 year-olds, 11% of 45 to 54 year-olds, and 10% of 55 to 64 year-olds share the same confidence that they will have built £790,000 in retirement savings.

Again, men are more confident they will reach the amount needed for a comfortable standard of living in retirement, compared to women (26% vs. 16% respectively).

Changing levels of confidence in achieving retirement comfort across the country
Regionally, those in London (45%), the West Midlands (31%) and Scotland (31%) were the most confident they will achieve a retirement pot of £500,000, while those in Wales (17%), Yorkshire & Humberside (19%) and the East of England (19%) were the least confident.

Region	% confident they'll have saved £500,000 for a MODERATE standard of living in retirement	% confident they'll have saved £790,000 for a COMFORTABLE standard of living in retirement
Scotland	31%	24%
Northern Ireland	30%	29%
North East	27%	22%
North West	23%	12%
Yorkshire & Humberside	19%	12%
East Midlands	30%	23%
West Midlands	31%	22%
Wales	17%	16%
East of England	19%	14%
London	45%	39%
South East	26%	18%
South West	21%	13%

The Great underestimation – UK adults severely underestimating what they need to fund a 'moderate retirement'
In addition to the lack of confidence in reaching moderate and comfortable retirement standards, many people in the UK are severely underestimating what they need in their pension pots to ensure a reasonable standard to living in retirement.

Looking again at the estimated pension pot required for a minimum, moderate and comfortable standard of living as outlined earlier, a staggering 1 in 5 people (23%) believe they need less than £50,000 in their retirement pot to live moderately well in retirement. This is below the fund size (£70,000) that is estimated to provide only enough money for a minimum retirement lifestyle.

Overall, 6 in 10 non-retirees (58%) believe they need £500,000 or less, with nearly four in ten (37%) believing they need £100,000 or less in their pension pot in total for a moderate retirement lifestyle, over four in ten (44%) estimating they need £200,000 or less in total, and over half (54%) saying they would need £400,000 or less.

When looking at those aged 55 and over who are yet to retire, the research emphasises again that a large percentage of the generation approaching retirement are set to fall short of their retirement expectations. More than a third (36%) believe they need less than a £50,000 retirement pot to achieve a moderate standard of living in retirement.

The reality is that few people have a grasp of how much they actually need to put aside. The lack of awareness of the key retirement numbers will severely hinder those with the ability to save more to take the action required to achieve their goals.

Levels of engagement and prioritisation

1 in 5 UK adults have never reviewed their pensions.

It is perhaps unsurprising that many people do not have a firm grip on the value of their pension pots given one in five people (19%) say they've never reviewed their pension. A further 14% say they don't know when they last reviewed it or it's been more than two years.

And not enough people see saving for retirement as a key priority. While it's positive that 1 in 3 (35%) are focusing on their retirement savings and say putting money aside is a priority, nearly a quarter (23%) say it's not. Moreover, whilst you'd expect engagement to increase as people get older, surprisingly, these figures remain broadly the same regardless of how close someone is to retiring. In fact, those aged 55 and over are more likely to say saving for retirement isn't a priority at all (14%) than those in younger age groups (9%).

Interestingly, younger people were also more likely to have reviewed their pension than older people. While 1 in 2, 18 to 34 year-olds (49%) and 35 to 54 year-olds (53%) have reviewed their pension in the last two years, this drops to 35% of over 55s.

Looking across the UK, Londoners prioritise savings for retirement each month the most, with nearly half (48%) saying it is a big priority, closely followed by people living in Cardiff (45%), Dundee (44%), Manchester (41%) and Leicester (40%).

City	Saving for retirement each month is a big priority	Saving for retirement each month is not a priority
Greater London	48%	17%
Cambridge	34%	25%
Edinburgh	32%	17%
Oxford	30%	26%
Reading	25%	24%
Southampton	26%	27%
Maidstone	31%	21%
Dundee	44%	19%
Leeds	32%	23%
Birmingham	37%	21%
Norwich	29%	26%
Brighton	24%	29%
Bristol	36%	22%
Milton Keynes	34%	23%
Manchester	41%	21%
Leicester	40%	23%
Hull	37%	21%
Belfast	30%	31%
Swansea	27%	24%
Liverpool	30%	23%
Plymouth	32%	29%
Cardiff	44%	19%
Sheffield	34%	26%
Glasgow	29%	27%
Nottingham	32%	31%
Newcastle	36%	29%

A retirement planning gap between men and women

When it comes to pension planning, women are more likely to be dis-engaged. As typically women have been more likely to work part-time, earn lower salaries, work multiple jobs, or have taken career breaks, these may be the drivers behind this.

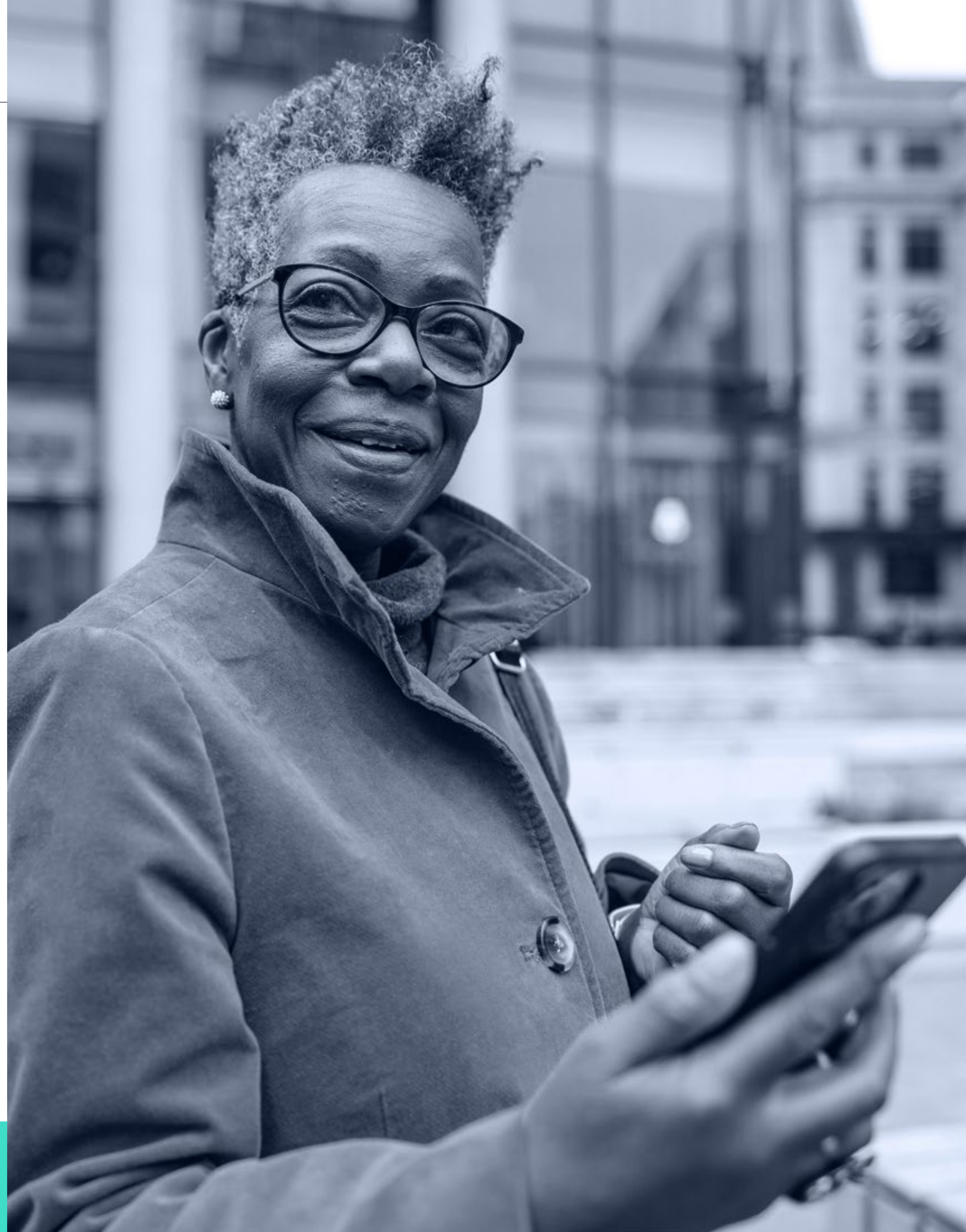
Just under 1 in 3 (32%) women see saving for retirement each month as a big priority compared to 4 in 10 men (40%) – with nearly 1 in 5 men (18%) saying it is their top priority versus 12% of women. Men were also more likely to have reviewed their pension in the last two years (52% of men compared with 39% of women).

While many will have a good idea of the amount of income they'll need to support themselves in retirement, it can then be difficult to translate this into an overall financial amount, which they'll need to build up during their working lifetime. It is clear that encouraging more people to engage with their pensions, know their own numbers and identify a realistic target for their total pension pot is a basic first step in changing financial and retirement outcomes later in life.

Men were also more likely to have reviewed their pension in the last two years.

52%

of men compared with 39% of women.



The difference a plan makes

Our research looked across age groups, regions and demographics across the UK to understand the impact putting a financial plan in place has on confidence and future financial security.

It reveals that those with a plan are more likely to:

1. Be more confident in their retirement future.
2. Prioritise their monthly retirement savings.
3. Regularly check that they're on track against their goals.

Overall, over half (56%) of those with a financial plan feel secure about their future finances compared to a third (33%) of those with no financial plan.

Prioritising pensions saving across different demographics:

Demographic	% without a plan that say saving for retirement is a big priority each month	% with a plan that say saving for retirement is a big priority each month
Male	28%	52%
Female	22%	46%
18 to 34 year-olds	26%	46%
35 to 54 year-olds	24%	50%
Over 55s	24%	54%
Up to £20k a year	16%	36%
£20,001-£40k a year	29%	43%
£40,001-£60k a year	32%	59%
£60,001-£80k a year	38%	63%
Over £80k+	48%	69%

01

Makes people more confident in reaching a comfortable retirement
Nearly 1 in 3 people (30%) with an active financial plan are confident they will save at least £790,000 into their retirement fund by the time they stop working. This is more than twice as many as those with no plan at 14%.

02

Encourages more people to prioritise their pensions and retirement savings
The research also shows that those with a financial plan are more likely to prioritise their retirement savings each month. It is a key priority for nearly half of those with a financial plan (49%) compared to a quarter (25%) of those without. This is reflected across income levels. Among those earning up to £20,000 a year, more than a third of those with a plan (36%) say pension saving is a big priority each month, compared to just 16% that don't have a financial plan.

03

Having a financial plan prompts people to review progress against their goals
Having a financial plan ensures people are more active in reviewing their pension so that they keep on track towards their goals.

While nearly 1 in 2 (45%) people across the nation have reviewed their pension in the last two years, the number rises to more than 6 in 10 with a financial plan (64%) and drops to only a third (33%) without.

Ian's story

After a lifetime's hard work, advice helped me financially plan for a comfortable retirement lifestyle.

"Luckett's Travel, my family's coach-travel business, was founded by my grandfather and so had always been in my life. Although I initially had no intention of joining the family firm, after leaving school I found myself assisting with some admin in the office, and then, as with most small family businesses, it wasn't long before I was engaged with all aspects. Alongside my brother Steve, I took over the reins from my father in the mid-1990s, and that's when we first sought financial advice to help set up a pension scheme for the directors.

I needed an expert adviser who could take a holistic view – someone who could advise on the technical aspects of structuring our finances but also understood the personal stakes involved. My adviser, Adam, is a pensions specialist and has done a really good job for us. I'm not an expert, and that's why I want experts around me. Things can change quickly – as we saw in the October 2024 Budget, when the government announced that pensions would be subject to Inheritance Tax in the next few years – so it's vital to have experts looking out for our best interests at all times.

In 2020 we decided to sell the business, and Adam was there to support with the sale and set myself and my wife, Julie, up for our new future. He helped us think about how much income we'd need for a comfortable lifestyle while keeping enough in savings and investments for our own futures and for the next generation. We decided to move to the Hampshire countryside, closer to some beautiful locations for walks with our springer spaniel, Gylly.

Our main goal was to ensure we had enough in our investments to last for our expected lifespans. Adam was able to give us the comfort that we could live a great life, not run out of cash and still leave decent amounts to our children when the time is right. Having a plan is essential, and it's also important to have someone audit that plan regularly to make sure you stick to it. Or, if you want to change the plan, to make sure the new one is realistic and achievable."

Our main goal was to ensure we had enough in our investments to last for our expected lifespans.

Conclusion:

Where next for pension adequacy?

St. James's Place remains committed to shaping industry best practice for our clients and empowering them to take control. However, as we look ahead, addressing the challenges of awareness and preparedness are not only vital for ensuring individuals can reach a reasonable quality of life in older age, but also so the pressure on the State is reduced. Solving this challenge requires action from individuals, the industry, and policymakers to ensure people can retire with confidence.

A renewed emphasis on financial education
Many individuals lack the knowledge to make informed decisions about their retirement savings. By enhancing financial literacy programmes and providing accessible resources, we can empower more people to take control of their financial futures. *Education must therefore take centre stage if we are to increase engagement levels and get people investing in a pension as early as possible.* Although financial literacy education became part of the secondary school National Curriculum in 2014, it isn't compulsory, and there remains a clear need for more structured, financial education starting at an earlier age. We fully support this national call for action to support people's confidence with finances from an early age.

Focusing on the importance of starting to save early
Positively our research shows that the majority (68%) believe individuals should begin saving for retirement between the ages of 19 and 34. However, one in ten (10%) believe saving should start between the ages of 35 and 54, and 4% worryingly think that saving should begin from the age of 55. In addition, 7% simply aren't sure.

	Fund value	Reduction in fund	% reduction in fund	Increase in annual contributions needed to provide a fund of £268,000
5-year delay	£201,000	£67,000	25%	£1,656 pa
10-year delay	£146,000	£122,000	46%	£4,200 pa
15-year delay	£99,000	£169,000	63%	£8,508 pa

Our analysis shows that if a 30 year-old made a gross investment of £5,000 each year into a pension scheme, they would have a projected fund of £268,000 available at age 60 based on the assumptions highlighted in orange below. Just a five-year delay would result in a £67,000 reduction to that retirement fund and a fifteen-year delay, starting contributions at age 45, a £169,000 reduction. At that point, you'd have to increase annual contributions to around £13,500 per year to achieve the same retirement fund of £268,000 at age 60.

If a 30 year-old increased their gross investment to £10,000 each year into a pension scheme, they would increase the projected fund available at age 60 to £460,000 based on the same assumptions. On that basis, just a five-year delay would result in a £103,000 reduction to that retirement fund and a fifteen-year delay, starting contributions at age 45, a £275,000 reduction. At that point, you'd have to increase annual contributions to around £25,000 per year to achieve the same retirement fund of £460,000 at age 60.

The example is only an illustration and actual investment returns may be more or less than those assumed in the illustration. It assumes that the average annual investment growth before charges is 4.60% each year and investment charges of 1.96% each year. Contributions are invested on the same day each year in a pension and are shown before charges are taken into account. Please note that these benefits are not guaranteed. Benefits depend on how the investment grows and its tax treatment. Contributions are not limited by the annual allowance or by earnings.

The value of a St. James's Place investment will be directly linked to the performance of the funds you select and the value can, therefore, go down as well as up. You may get back less than you invested.

If a 30 year-old increased their gross investment to £10,000 each year into a pension scheme, they would increase the projected fund available at age 60 to £460,000 based on the same assumptions. On that basis, just a five-year delay would result in a £103,000 reduction to that retirement fund and a fifteen-year delay, starting contributions at age 45, a £275,000 reduction. At that point, you'd have to increase annual contributions to around £25,000 per year to achieve the same retirement fund of £460,000 at age 60.

Greater access to advice and guidance

Regulatory change through the FCA's Advice Guidance Boundary Review is a real opportunity to shift the dial and improve the help available to people.

Putting money aside for the future has to be seen as a necessary expense and pension contributions an integral part of budgeting, where finances allow. Monthly contributions can help with cash flow and are a solution to building pension savings into your budget, where possible. They also 'smooth out' the effect of stock market fluctuations and reduce the worry that some people may feel around buying into the market at the 'wrong' time. Whilst these are some basic principles, this is where advice can be transformational.

Pushing forward positive policy change

At a policy level, the government's Pensions Review is a positive step forward and it will be vital that solutions address the trends that are shaping the nation's retirement landscape over the coming decades.

Maintaining confidence in pensions as a long-term investment vehicle is key. Changes to pensions, particularly the tax treatment of pensions, undermine them as a long-term investment product and is counterproductive to ensuring people are saving sufficiently for their future. To encourage more people to take responsibility for providing for themselves when they stop working, speculation about how their money may or may not be taxed has to end. Pensions tax may seem a soft target, but it is vital to remember that money paid into pensions is not exempt from tax. The government is simply encouraging people to save for the future by deferring income tax until the money is withdrawn in retirement. Waiving some tax receipts today is in everyone's interest as it will ensure fewer people are dependent on state benefits and boost future revenues and spending power. Those who fear the effect of double taxation on pensions – paying income tax on contributions and withdrawals – may in some cases stop contributing at all.

Raising levels of understanding on where responsibility for retirement sits

Starting to save for retirement as early as possible is especially important given current and future generations have to take increasing responsibility for their financial futures. However, when asked who they think has the most responsibility for ensuring a comfortable retirement, more than a fifth (21%) believe the State/government holds most responsibility, one in ten (10%) say employers, while 4% think it mostly lies with family members and 11% don't know. Just over half (54%) say most financial responsibility now lies with individuals.

Starting to save for retirement as early as possible is especially important given current and future generations have to take increasing responsibility for their financial futures.

As part of a broader education programme, it is crucial we raise understanding of where responsibility lies.

To conclude, the issue of pension adequacy in the UK demands urgent attention. The time for action is now. Against a backdrop of economic volatility, we cannot afford to overlook the financial fragility of our aging population. By looking at positive policy and regulatory change, by promoting workplace savings, and fostering public awareness, we can create a more equitable and secure retirement landscape for all.

In the meantime, our figures underscore how it is vital people don't delay the individual action they can take now. Our retirement futures rest increasingly in our own hands and we should all do what we can to take as much personal control as possible. Ultimately, the sooner we begin, the more choices we will have later.

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