MORE THAN 10 MILLION BRITS EXPECT TO WORK UNTIL THEY’RE PHYSICALLY UNABLE TO DO SO

And one in 20 expect to work until they die – which is more than three million people

The first increase in minimum automatic enrolment (AE) workplace pension contributions comes into effect tomorrow, 6 April. According to new research from Scottish Widows, however, one in five Brits (20%) – amounting to more than 10 million people – say they’ll work until they’re physically unable to, while one in 20 (6%) – another three million people – say they expect to work until they die.

While the increase in AE workplace pension contributions will help people narrow the gap in their retirement savings, there are many who need to be doing more to ensure a comfortable retirement. Scottish Widows’ research shows that 44% of people are not saving its recommended 12% of their salary towards retirement each year, which is more than double the new minimum AE contribution level of 5%.

The research reveals that more than half (51%) of Brits expect to continue working at least part-time past retirement age, and a fifth (18%) say that working beyond the age of 65 will be a necessity rather than a choice.

Only a quarter (24%) expect to have completely retired by the time they’re 65, the research reveals. Young people are least hopeful of this being a possibility, with only one in 20 (5%) of 18-24 year olds expecting to retire by the age of 65, but this proportion doubles among 25-34 year olds (11%) and triples among 35-44 year olds (16%).

**Delaying retirement – make it a choice, not a necessity**

Nearly one in five (18%) people say they’ll work longer than they want to because they worry about their level of saving. Just under a third (32%) of 25–54 year olds worry they haven’t been saving

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1. 2017 ONS data shows there are 51,767,000 adults in the UK. 20% of this population is 10,353,400 people
2. 2017 ONS data shows there are 51,767,000 adults in the UK. 6% of this population is 3,106,020 people
3. From 6 April the minimum contribution is 5% with at least 2% from the employer; from 6 April 2019 the minimum contribution is 8% with at least 3% from the employer
4. 2017 Scottish Widows Retirement Report - 44% of people aged 30+ are not saving adequately for retirement
enough in their early years, and two-fifths (39%) of people fear running completely out of money in retirement.

Interestingly, women are more concerned than men about the cost of later life. Just over two-fifths (43%) of women are concerned that they’ll run out of money during retirement, while only a third (34%) of men feel this way. Others worry about facing potential shortfalls due to policy change, with four in ten (37%) citing concern about changes to the state pension, such as a further increase to the retirement age.

Preparing for the costs of retirement

Despite the majority of British adults recognising the need to work longer to prepare for their retirement, a significant number have no contingency in place should they face increasing costs in later life. When told that people going into a nursing home can expect to pay an average of £866 per week for this, 22% of respondents said they’d never considered how they would cover this cost, and another 22% said they’d rely on the state to pay for care.

However, more than three in five (62%) people say they are unsure what behaviour they would change to make up for increasing retirement spending. Only 12% say they will hold off drawing down their maximum pension allowance for as long as possible, and just 8% say they will forego leisure spending to prepare for retirement spending.

Robert Cochran, Retirement Expert at Scottish Widows, says, “While the idea of a ‘cliff edge’ retirement – when people around the age of 60 to 65 give up work once and for all – has been disappearing in recent years, our research clearly shows this is a necessity rather than a choice for too many workers.

“Auto-enrolment has been a great success in kick-starting the savings habit for millions, and the increase in minimum contributions from this month should, in the long-term, mean that more people have valuable pension funds to live off as they approach later life. With life expectancy expected to continue rising, it’s worthwhile remembering that saving for the future doesn’t need to stop at ‘retirement age’. Only a third of people who expect to carry on working past retirement age think they will continue to pay into a pension – over time this number is likely to go up.”
Notes to editors

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 3535 adults. Fieldwork was undertaken between 17th - 22nd January 2018. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

About Scottish Widows

- Scottish Widows was founded in 1815 as Scotland’s first mutual life office and is one of the most recognised brands in the life, pensions and investment industry in the UK.
- In November 2017 Scottish Widows won ‘Company of the Year’ at the Financial Adviser Service Awards, along with ‘5 Star’ service awards in each of the individual categories of life & Pensions, Investments and Mortgages.
- Scottish Widows also won a number of other awards throughout 2017, including ‘Pensions Firm of the Year’ at the FD Service Excellence Awards, ‘Pensions Provider of the Year’ at the Pensions Age Awards, ‘De-Risking Provider of the Year’ at the Pension and Investment Provider Awards and ‘Risk Reduction Provider of the Year’ at the UK Pensions Awards.

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