Pi Partnership
Confident Modern Effective

Pi Breakfast Seminar

Pensions UK Retirement Living Standards in 2025

18 September 2025

Agenda

08:30	Arrival, registration and breakfast
09:00	Chair's introduction – David Martland, Professional Trustee, Pi Partnership
09:10	Retirement Living Standard for the future - Simon Sarkar, Head of Research, Pensions UK
09:30	Influencing the Pension Schemes Bill – Jamie Neath, Parliamentary Stakeholder Affairs Adviser, Pensions UK
09:50	Questions
10.00	Finish

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Pi Partnership
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Chair's introduction

David Martland

Retirement Living Standards 2025

Simon Sarkar, Head of Research
Pensions UK

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Pensions UK

September 2025

The need for the RLS

Purpose

- Getting people to engage with their pension is a challenge even in a benign economic environment
- How do you encourage people to take the first step in assessing their needs to secure the financial future they would like to have in retirement?

Knowledge gap and lack of planning ahead

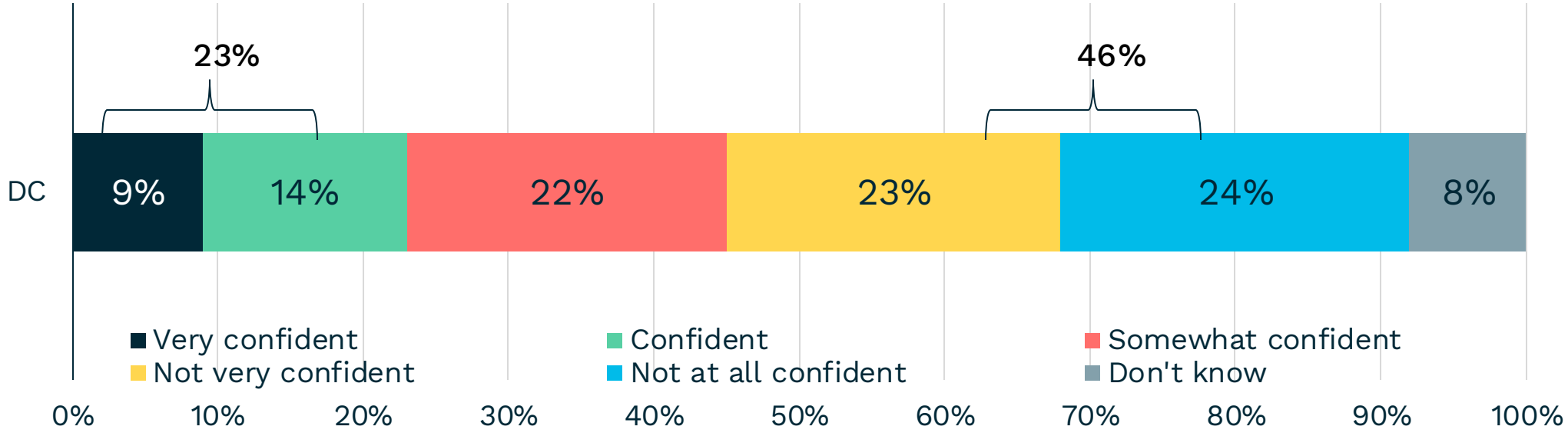
- 50% of UK adults aged 18-65 do not have a plan for their finances in retirement**
- 82% say they do not know how much they need to maintain their current standard of living in retirement*
- Less than half (46%) of pension savers have reviewed their pension to see if they are putting enough money into it*

Opportunity

- 49% say they could contribute more to their pension in the next couple of years*

Source: *Pensions UK 2025; ** Money and Pensions Service 2025

How confident are you that you are saving enough to maintain your current standard of living in retirement?



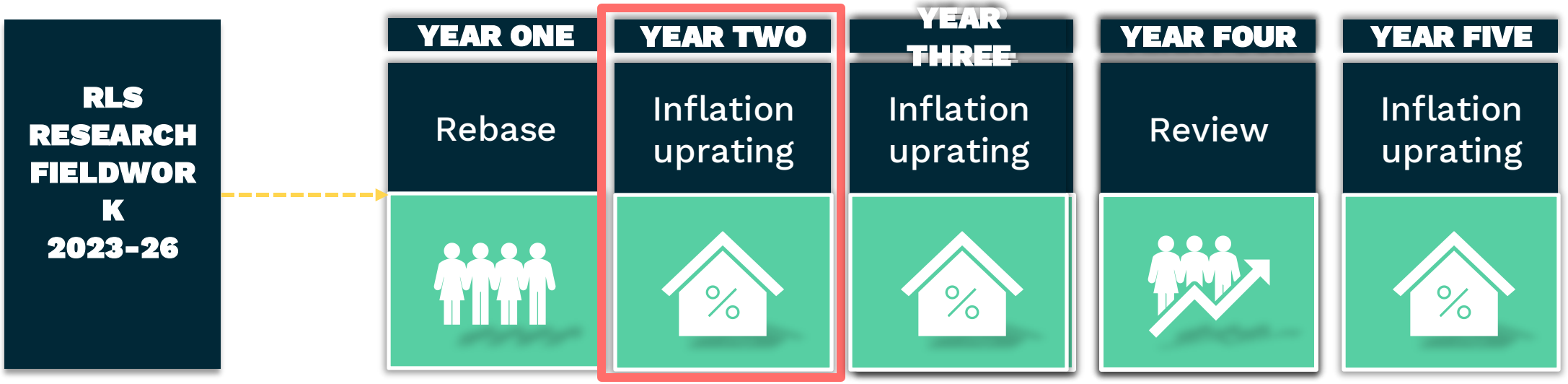
Source: Pensions UK 2025

Base: all non-retired

RLS approach and latest findings

Pensions UK

Current cycle of research



The Retirement Living Standards

COMFORTABLE ...a broad range of opportunities and choices, peace of mind and the flexibility to do a lot of the things that you would like to do.

MODERATE ....between the minimum and comfortable - access a range of opportunities and choices, having a sense of security and the option to do some of the things that you would like to do

MINIMUM ... A minimum standard of living ....more than just, food, clothes and shelter. ..having what you need in order to have the opportunities and choices necessary to participate in society

2024/2025 update

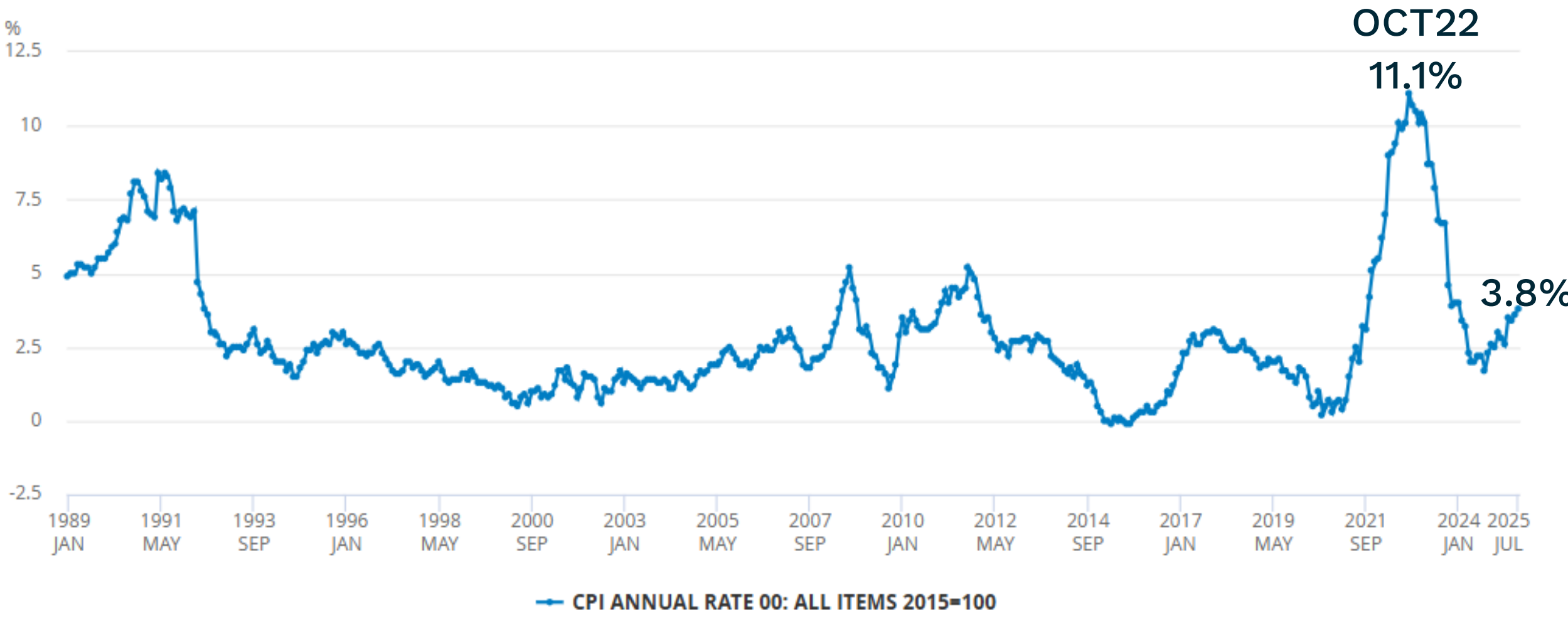
	One-person	Two-person
COMFORTABLE	£43,100 £43,900 ▲ 800	£59,000 £ 60,600 ▲ 1,600
MODERATE	£31,300 £ 31,700 ▲ 400	£43,100 £ 43,900 ▲ 800
MINIMUM	£14,400 £ 13,400 ▼ 1,000	£22,400 £ 21,600 ▼ 800

Drivers of change

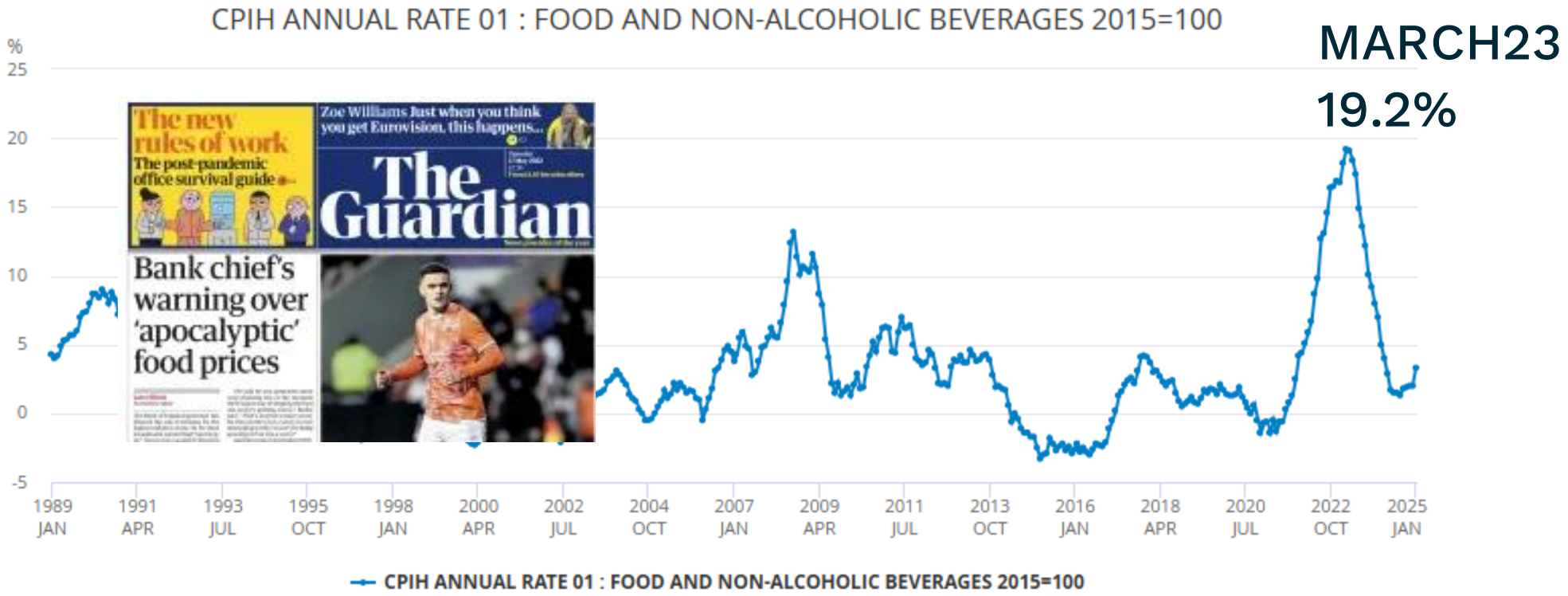
- fall in energy price cap that occurred in most quarters until October 2024
- fairly modest food price rises
- minimum standard cutbacks to some of the expenditure budgets such clothing, hairdressing services, charity giving, taxi transport and technology items
- budget for rail fares was increased from £100 per year to £180 pppy.

↑	A: Food and Non-Alcoholic Beverages	A1: Food
		A2: Catering
	B: Alcohol and Tobacco	B1A: Alcohol at Home
		B1B: Alcohol Away From Home
	C: Clothing and Footwear	
↓↓↓	D: Housing Costs	D3: Water
		D4: Council Tax
		D5: Household Insurance
		D6: Fuel
		D7: Other Housing Costs
	E: Household Goods and Services	E1: Household Goods
		E2: Household Services
	F: Personal Goods and Services (inc Health)	
	G: Transport	G1: Motoring Expenditure
		G2: Fares and Other Travel Costs
↑↑	H: Social and Cultural Participation	H1: Leisure Goods
		H3: Entertainment and Recreation
		H4: TV Licence and Rental
		H5: Foreign Holidays
		H6: UK Holidays

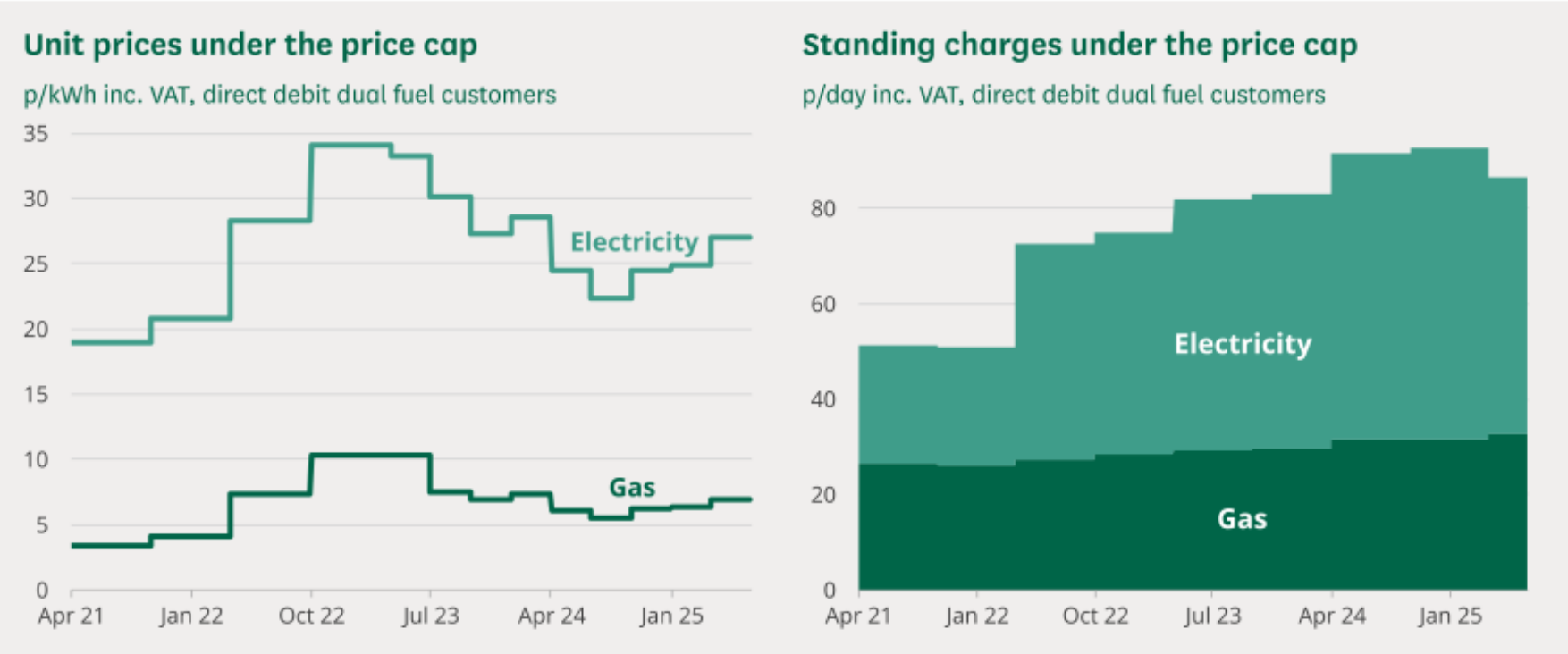
CPI Annual Rate: All Items



Looking past the headline rate to sub-group analysis to see the impact on households

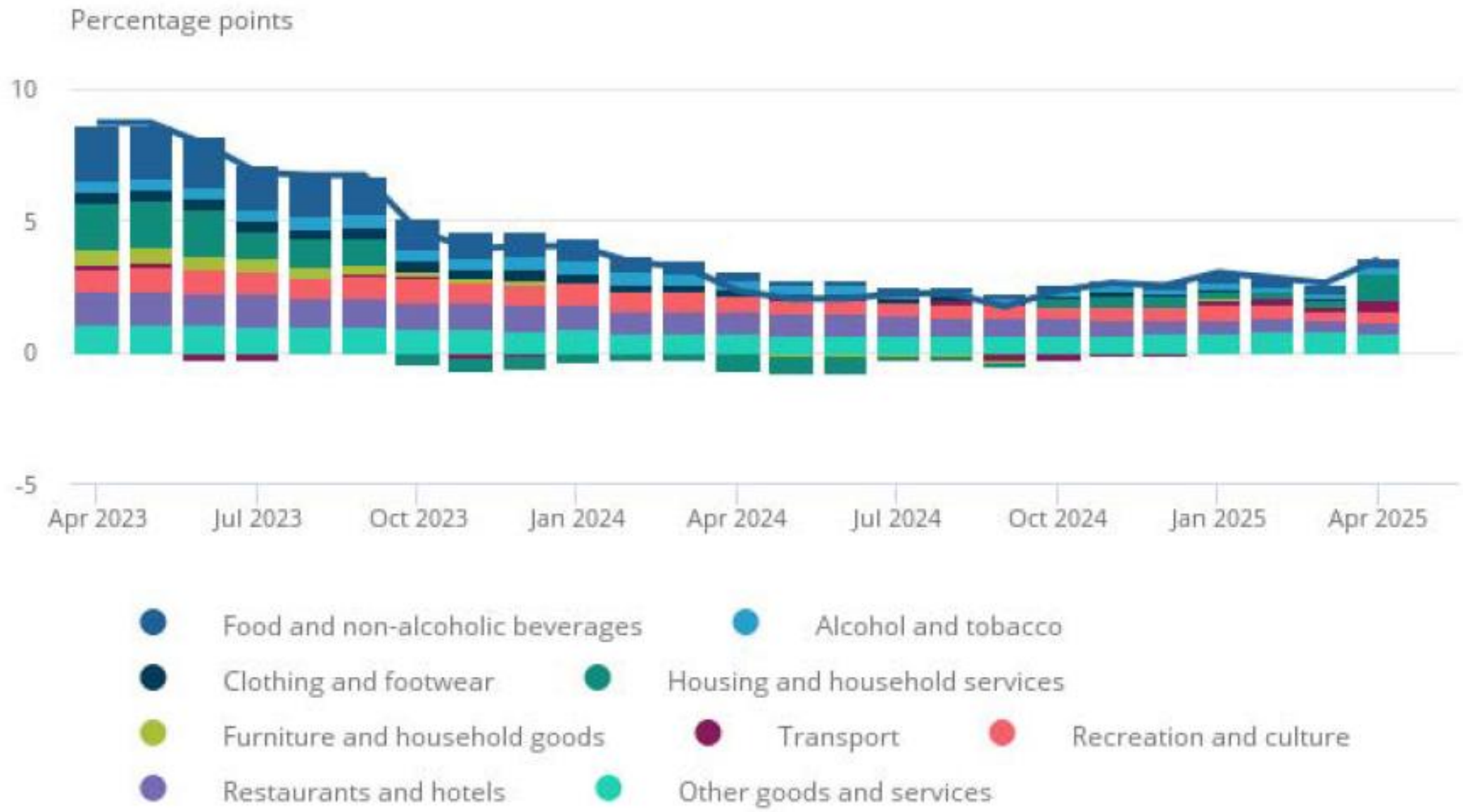


Turning down the heat on energy costs



Source: Ofgem energy price cap levels reporting

CPI changes… and changes in the drivers of CPI



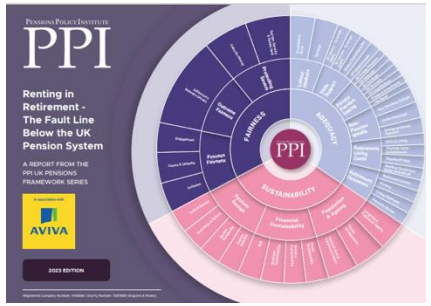
Source: Office for National Statistics, 2025 Consumer Price Inflation

Housing

PPI modelling of Family Resources Survey (FRS) data suggests that, if housing tenure trends among households aged 45-64 today were carried through to later life and all other factors remain unchanged:

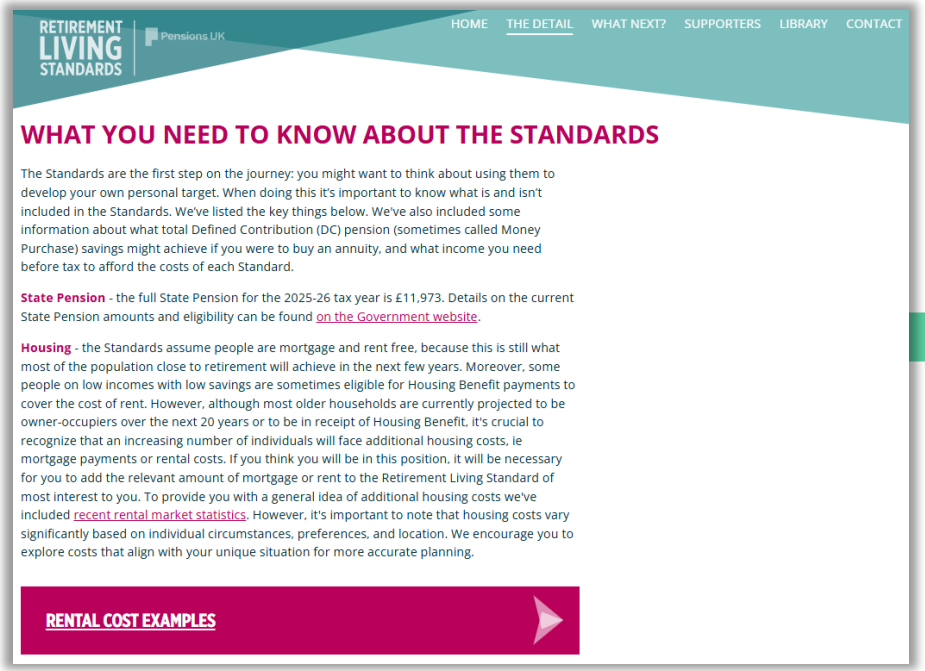
The total number of pensioner households could rise from 8 million to almost 10 million, of whom:

- Just over three in five pensioner households are expected to be homeowners, down from four in five today
- More than one in six pensioner households are expected to rent privately, up from around one in twenty today
- Around one in five pensioner households are expected to are expected to rent socially, up from around one in six today

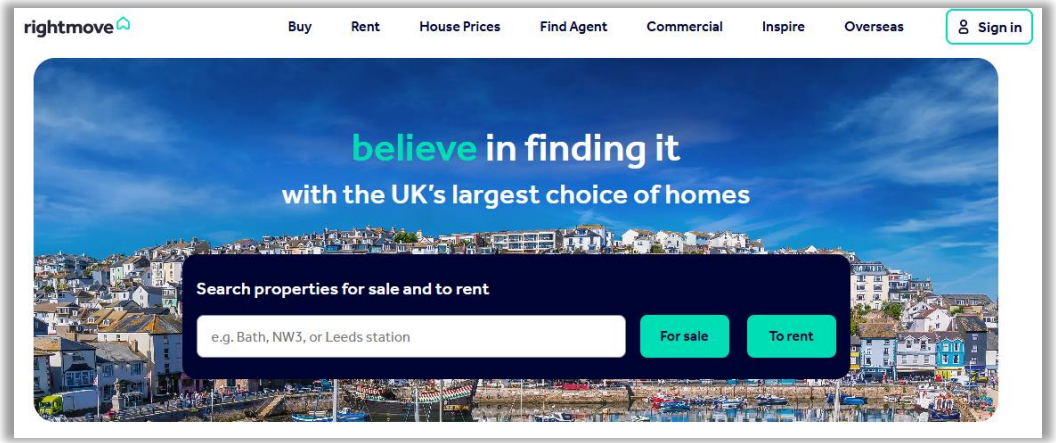


Source: PPI, 2023, Renting in Retirement - The Fault Line Below the UK Pension System

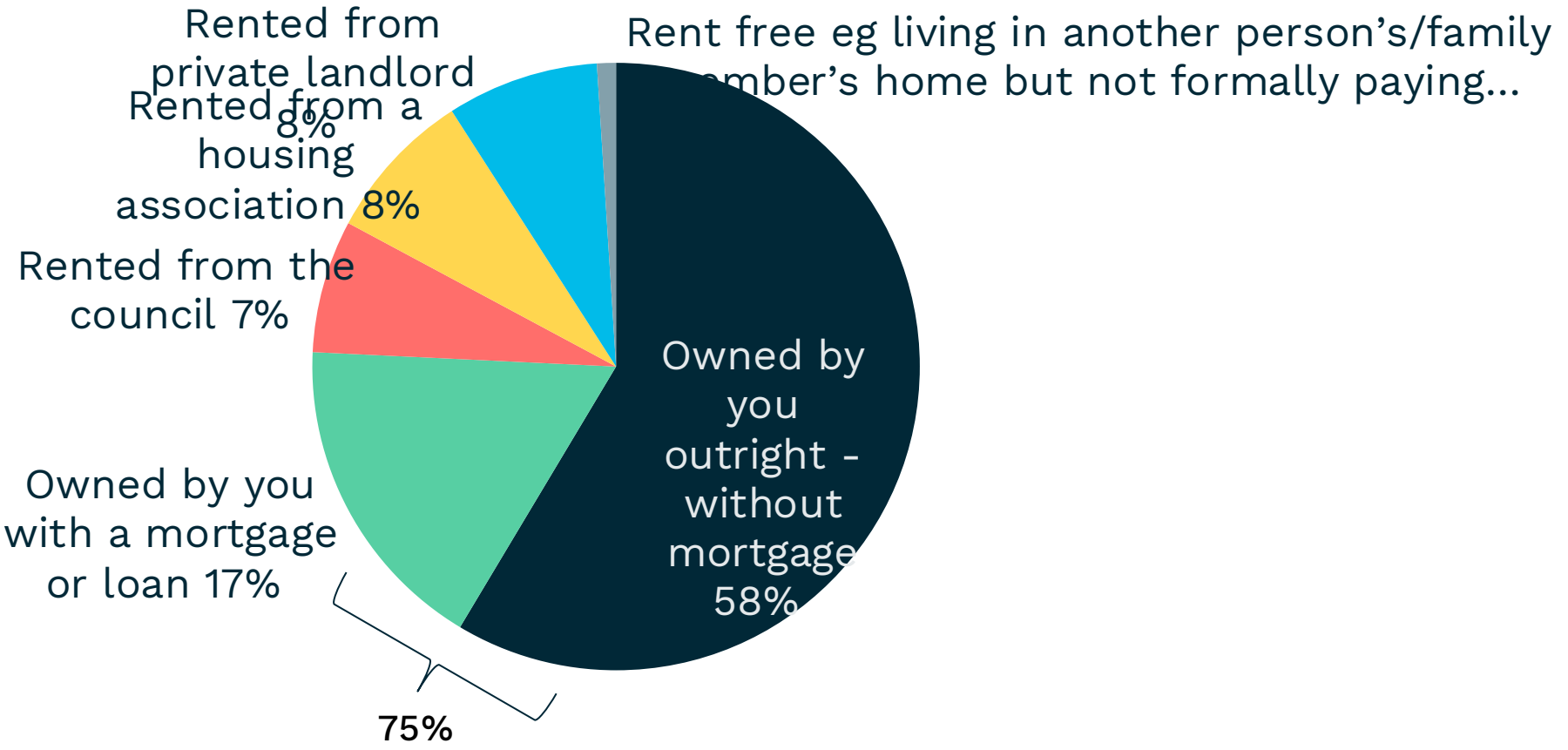
RLS website features private market rental statistics



1,364 rent costs



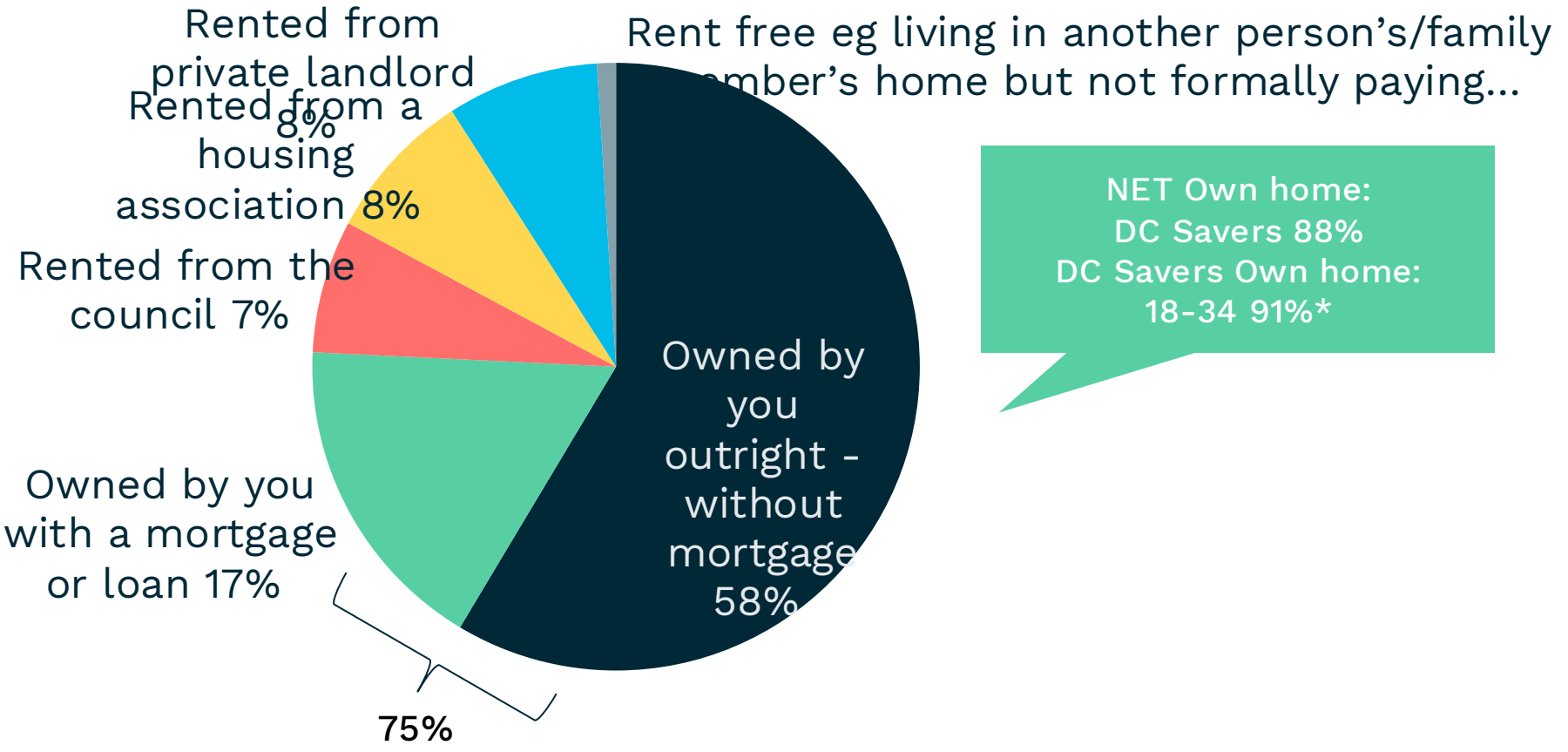
When you retire, do you expect the house or flat in which you live to be...?



Source: Pensions UK 2025

Base: All not retired

When you retire, do you expect the house or flat in which you live to be...?



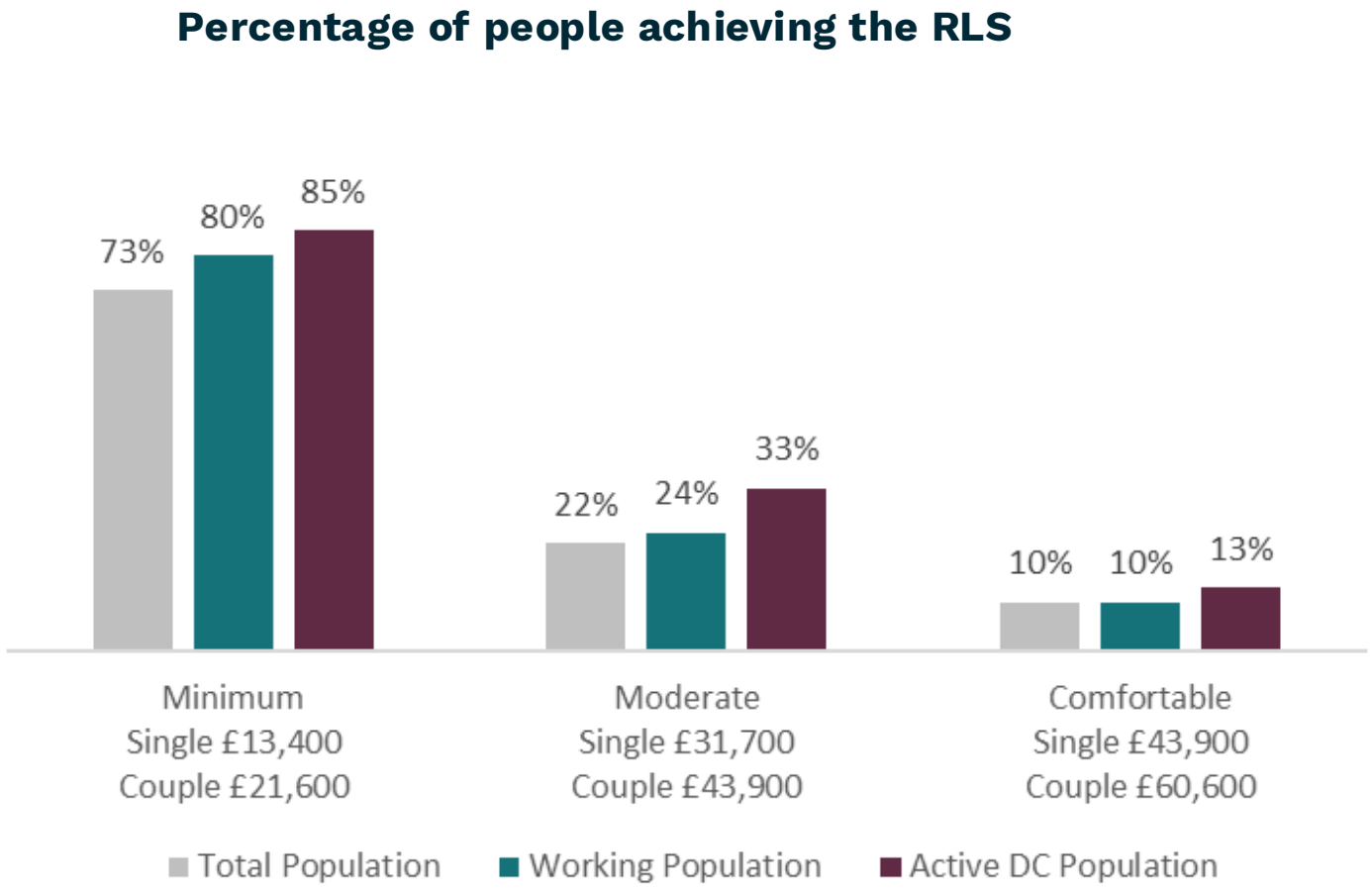
Source: Pensions UK 2025

Base: All not retired

What does this mean for adequacy?

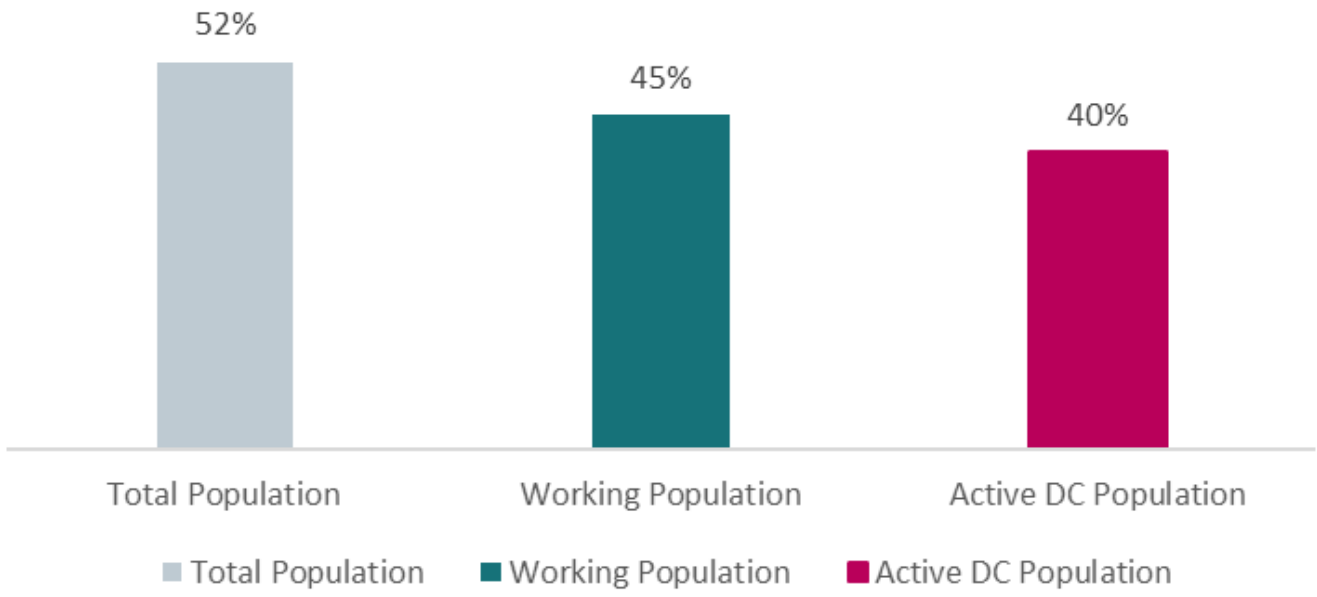
Pensions UK

How many are achieving the RLS?

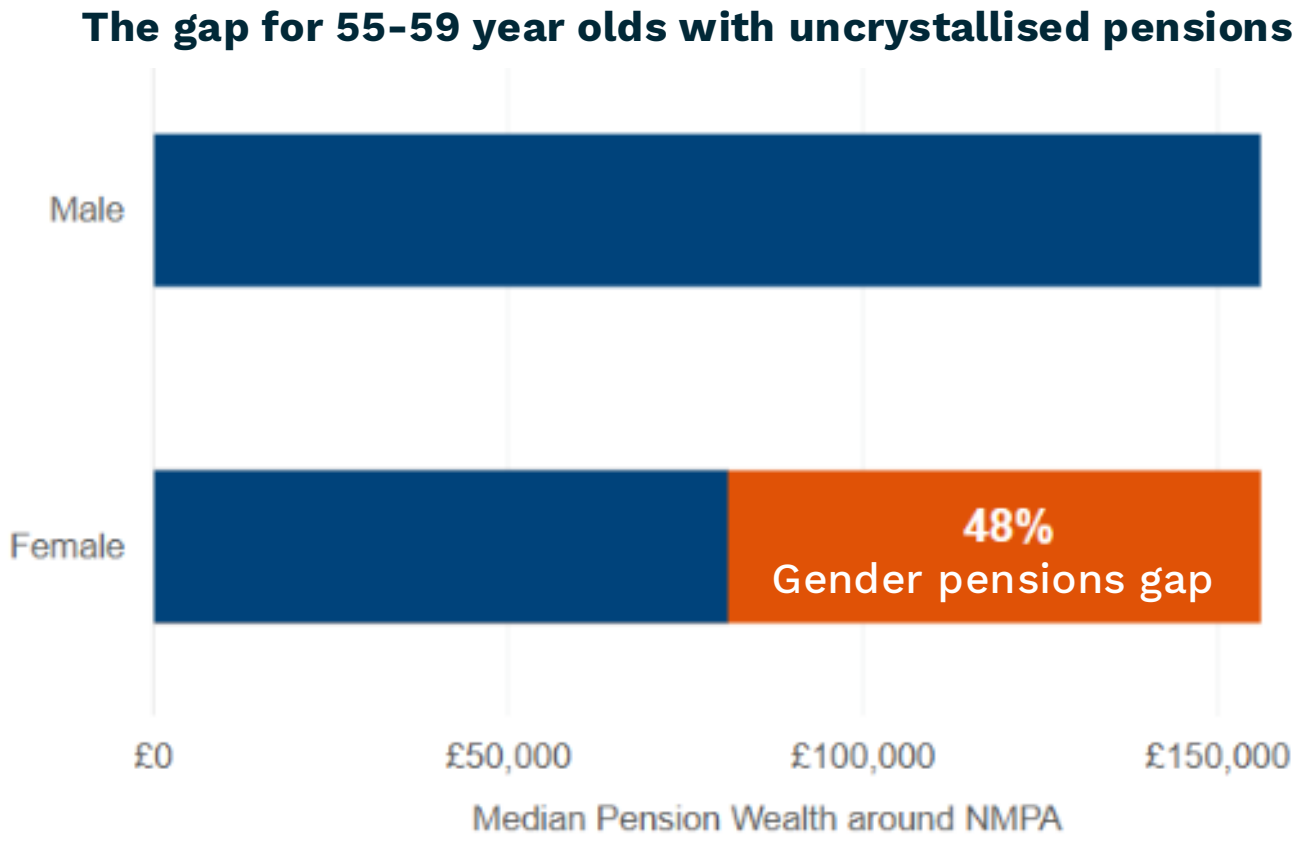


What about the Pensions Commission rates?

Percentage of people hitting the Pensions Commission target replacement rates



The gender pensions gap

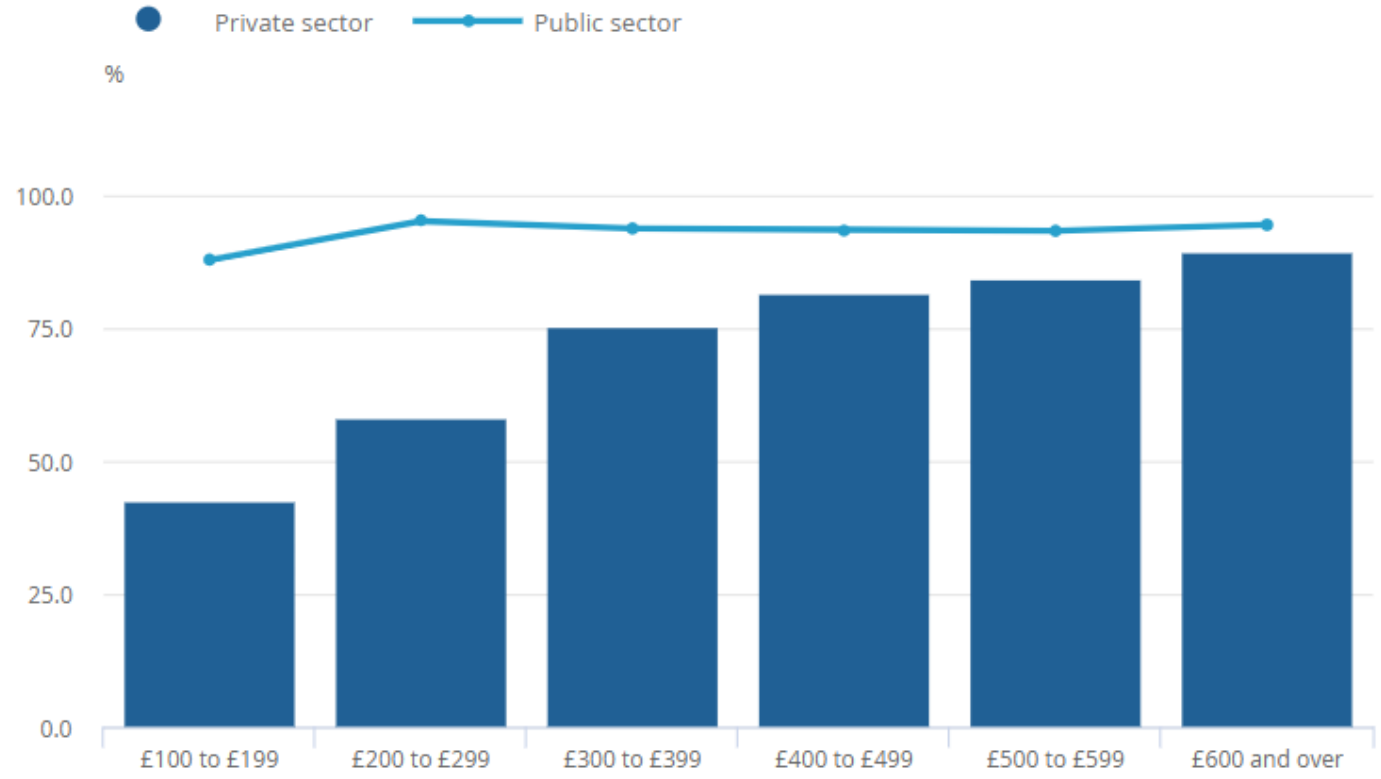


Source: DWP estimates derived from ONS Wealth and Assets Survey 2022

Participation by earnings

Only 43% of full-time private sector employees earning £100 to £199 per week were participating in a pension

Proportion of full-time employees with workplace pensions by gross weekly earnings bands and sector, UK 2021



Source: Office for National Statistics – Annual Survey of Hours and Earnings (ASHE)

Developing the RLS

Pensions UK

RLS consistency: refinements in methodology and developing new delivery tools

Changes adopted

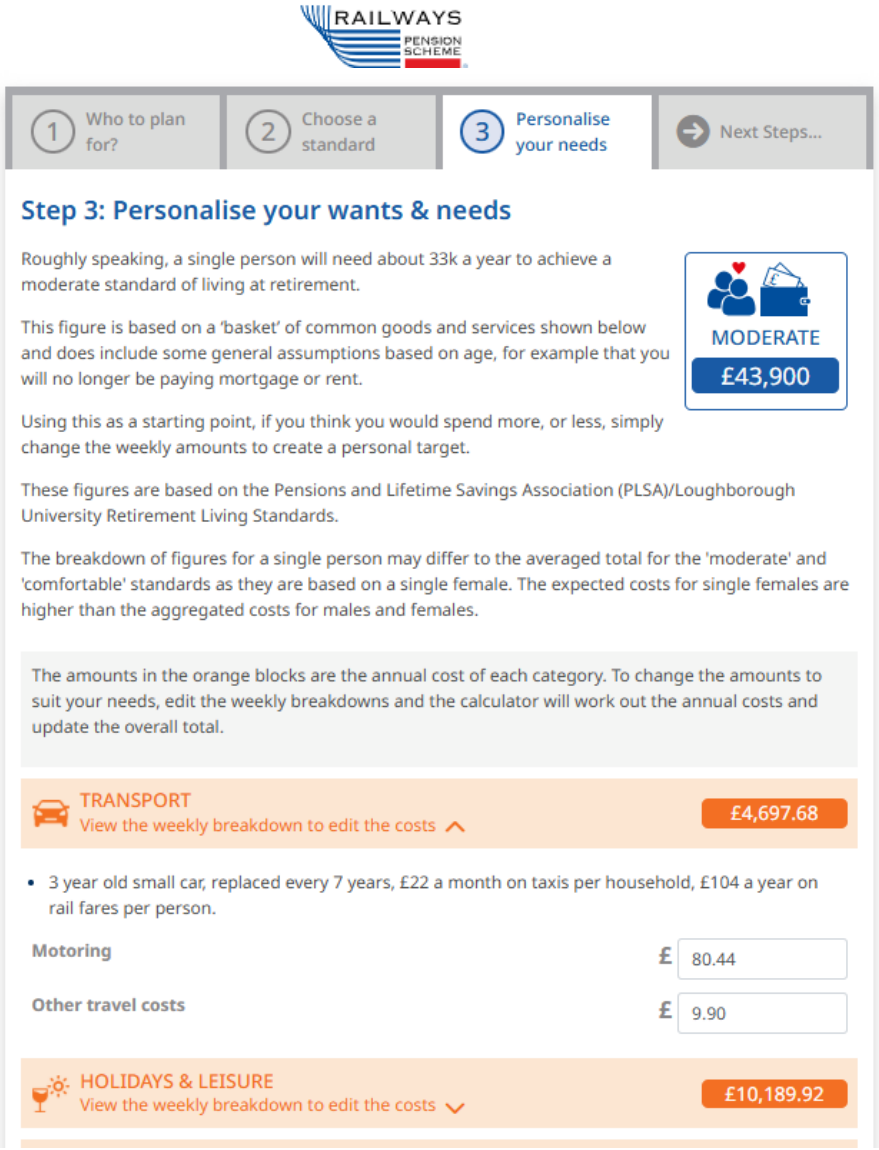
1. **Energy prices** – changed to use the price cap figure and switch from using CPI category uprating of energy prices to actual price cap rate to better reflect rapid changes in costs.
2. **Age coverage** - Broadening out the age range to include 50+ respondents within the pre-retirement age range.

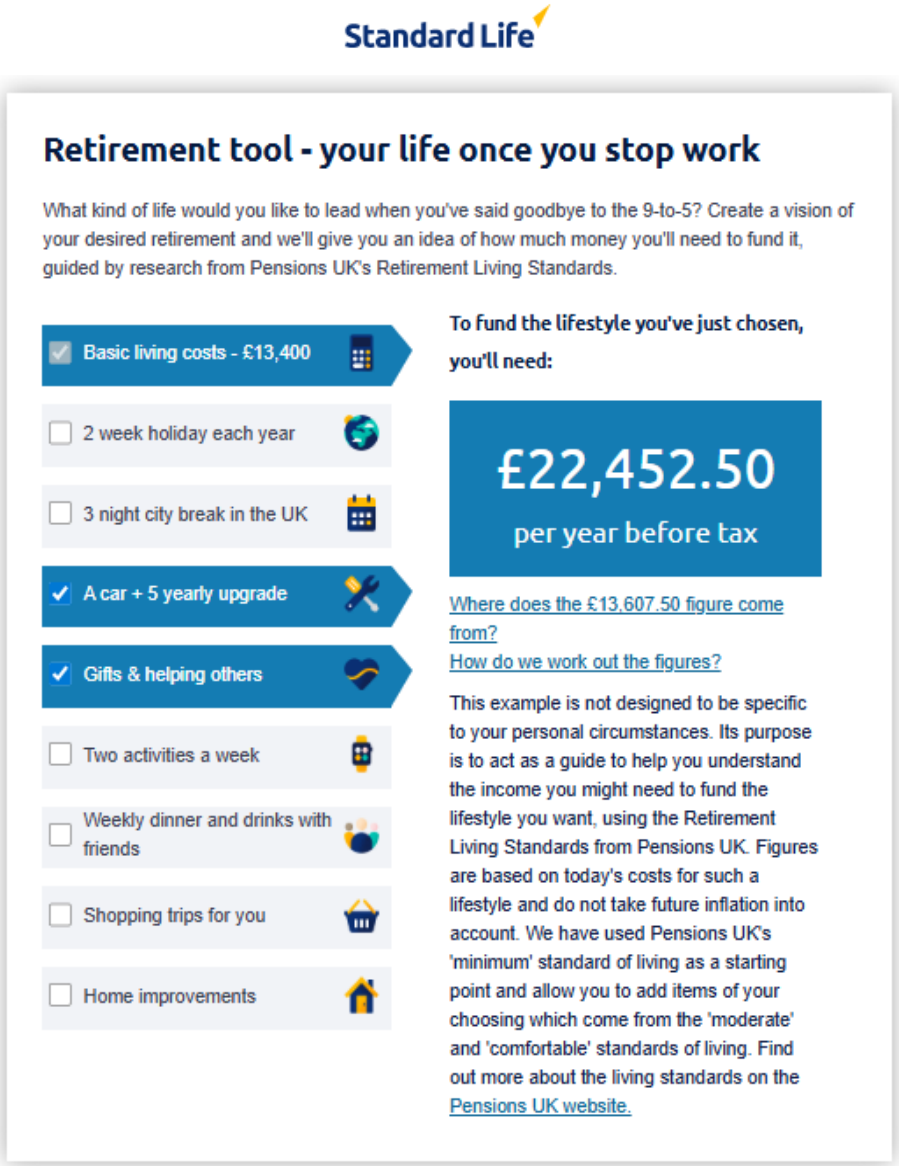
Refinements underway

1. **Timing and consistency** - Synchronising with MIS research cycle to align methodology across all the standards.

Improving communications with savers

1. **RLS Website** – Reviewing the website
2. **Tools** – Exploring opportunities to deliver saver tools such as calculators for more personalised living standards





Friends of Pensions UK RETIREMENT LIVING STANDARDS

As Friends of the Retirement Living Standards these organisations help Pensions UK fund the necessary further research to ensure the Standards remain up to date and relevant.

JUST. THE RETIREMENT SPECIALIST
LCP INSIGHT CLARITY ADVICE
Legal & General INVESTMENT MANAGEMENT
Mercer
RAILPEN
Retirement Line
ROYAL LONDON ASSET MANAGEMENT
SAUL
Standard Life
Teachers' Pensions
tpt Retirement Solutions
TRAVERS SMITH
USS
West Midlands Pension Fund
wtw

Pensions UK: Pension Schemes Bill Engagements

Pensions UK

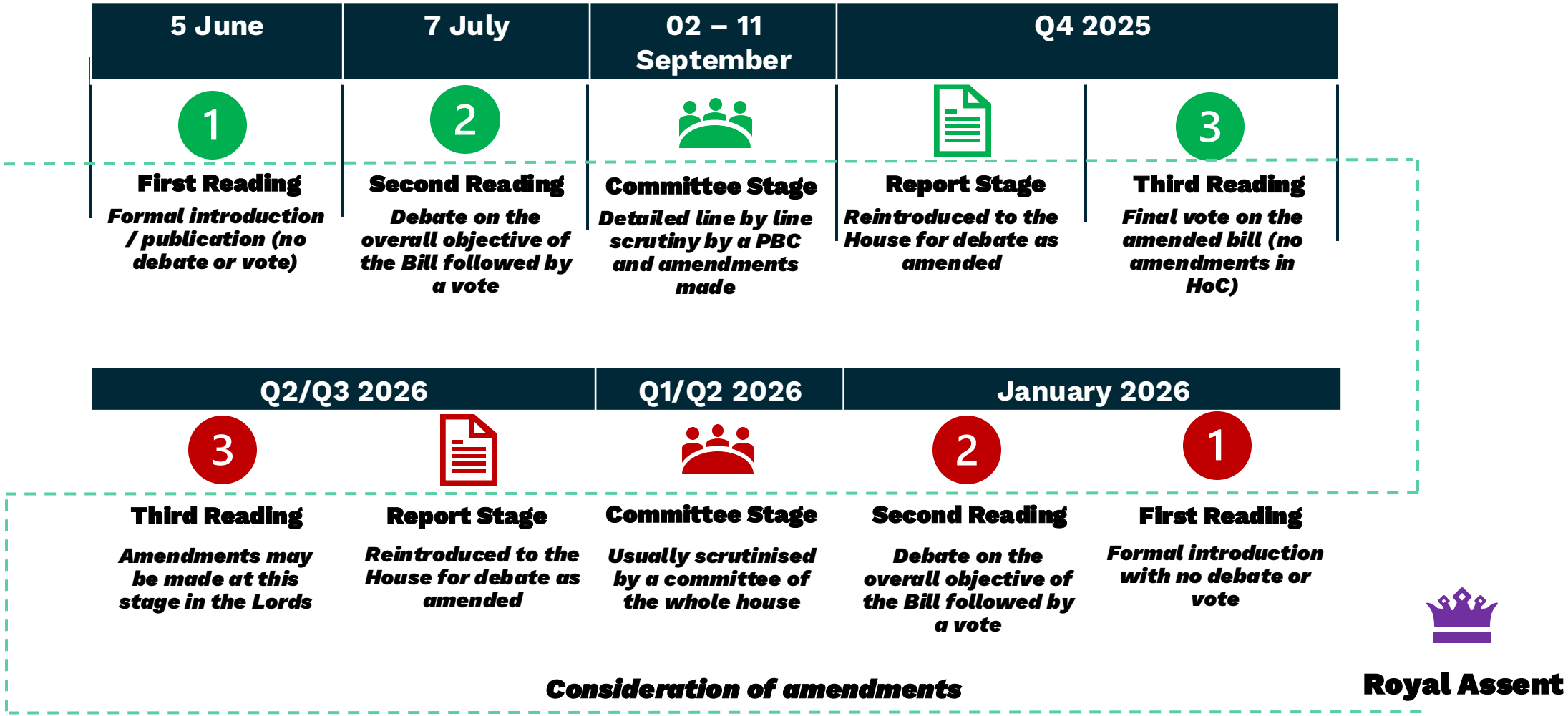
18/09/2025

Pension Schemes Bill: Overview

Pensions UK warmly welcome the introduction of the Pension Schemes Bill

- The Pension Schemes Bill will enact important reforms to maximise the value for scheme members, remove complexity for savers and reduce the cost of administering pensions.
- However, we believe in a pensions sector that puts fiduciary duty to heart and has free and open market competition to drive better outcomes. Therefore, we believe that the following areas need careful consideration:
- **New Powers in the LGPS**
- **DC Mandation**
- **Superfunds Approval**
- We particularly welcome measures to enable surplus release, introduce a VFM regime, consolidate small pots, introduce the contractual override, introduce guided retirement products and to place superfunds on a statutory footing.

Pension Schemes Bill: Where are we?



Shadow Treasury Workshop

Wednesday 25 June
~~PLSA~~ Pensions UK Offices

L-R: ***Pensions UK Policy Board Chair, Mark Garnier MP, Baroness Neville-Rolfe, Pensions UK Director of Policy and Advocacy, Richard Fuller MP, Blake Stephenson MP***

APPG for Pensions and Growth

Wednesday 25 June
Houses of Parliament

- Established post General Election
- Purpose of bringing together industry and Parliamentarians to facilitate discussions on adequate, sustainable and inclusive retirement incomes
- Chaired By Sarah Edwards MP
- Supported by John Milne MP, Blake Stephenson MP
- Will next meet for an EGM in Q4

Pensions UK Members alongside Sarah Edwards MP, John Milne MP and Rt Hon John Glen MP

Second Reading: Monday 7 July

"Research by Pensions UK shows that more than 50% of savers will fail to meet the retirement income targets set by the 2005 pensions commission. Closing the gap between what people are saving and what they will need must be the pressing concern of this Government. We urgently need the second part of the pensions review to be fast-tracked, with a laser-like focus on pensions adequacy."

"The Bill includes a sunset clause preventing the use of the mandation power beyond 2035. Pensions UK wants to see that timeframe reduce, saying it should be just for the lifetime of the Parliament. It also wants to see the scope limited, so the investment mandation cannot be prescribed beyond the allocations voluntarily committed to in the Mansion House accord."

"I am also concerned to find that Ministers propose making it a statutory requirement for schemes to follow a specific route when considering transferring into a superfund. Trustees have a fiduciary duty to their members—we have heard a lot about that in the debate—and this direction from Ministers runs counter to that duty."

APPG for Pensions and Growth

Wednesday 16 July
Houses of Parliament

Pensions UK, TUC, Age UK and Which? Representatives amongst Torsten Bell MP, John Milne MP, Sarah Edwards MP, Blake Stephenson MP and Baroness Altmann CBE

Committee Stage: Tuesday 02 September

Zoe Alexander and Rob Yuille giving oral evidence to the Public Bill Committee

Committee Stage Continued

- <u>Thursday 04 September: LGPS and Surplus</u>
  - **Gov 14** – Requirement for consultation with the persons listed in the amendment
  - **Gov 13** – Removal of 1(2)(e)(iii), assurances against mandation
  - **246** – Opposition probing amendment on political investments
  - **Gov 26** – Powers to pay surplus otherwise than on wind-up

Committee Stage Continued

- <u>Tuesday 09 September: VFM, Small Pots, Scale and Asset Allocations</u>
  - **257** – Opposition probing amendment on interaction of Contractual Override and VFM
  - **262** – (withdrawn) Increase of the Small pots value from £1,000 to £2,000
  - **276** – Inclusion of a review into the ‘Pipeline’ prior to mandation being introduced

Committee Stage Completion

- <u>Thursday 11 September: Superfunds, New Clauses and conclusion</u>
  - **277** – Removal of buyout obligation on ceding schemes entering a Superfund
  - **Gov 215** – Clarification of the Capital Adequacy requirements
  - **NC23 – NC30** – Solution to the Virgin Media Issue
  - **NC10** – Probing amendment on the extend of PECR

Thank You!

Pensions UK

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Questions

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