



## **ONE IN EIGHT WILL RETIRE WITH NO PENSION IN 2018 – BUT THE NUMBER WITHOUT SAVINGS IS SHRINKING**

- **One in eight people (12 per cent) plan to retire this year with no pension**
- **Women feel the pain worst - 18 per cent retiring without a pension compared to seven per cent of men but the numbers without pensions are falling**
- **Prudential's *Class of 2018* will rely on the State Pension for a third of their expected retirement income on average**

Nearly one in eight people retiring this year (12 per cent) have made no provision for their retirement, including 10 per cent who will either be totally or somewhat reliant on the State Pension, according to new research from Prudential<sup>1</sup>. This leaves them starting their retirement with an income of around £1,452 a year below the Joseph Rowntree Foundation's (JRF) Minimum Income Standard for a single pensioner<sup>2</sup>.

The findings are part of Prudential's unique annual study – now in its 11<sup>th</sup> year - which tracks the finances, future plans and aspirations of people planning to retire in the year ahead.

There is good news as the numbers retiring without a pension is lower than the 14 per cent in 2017 and now nearly half the 23 per cent recorded in 2008. Women are more likely to have no retirement savings - 18 per cent will retire without a pension this year compared with seven per cent of men. The gap is narrowing over time - in 2016, 22 per cent of women had no retirement savings compared with seven per cent of men. While in 2008, the year our research began, a third of women (32 per cent) were planning to retire without a pension.

A tenth (10 per cent) of those retiring in 2018 will either rely somewhat or solely on the State Pension, which for those retiring after April will mean an income of £164.35 a week<sup>2</sup>, or just over £8,500 a year. Taking the JRF's Minimum Income Standard of £192.27 a week for a single pensioner, which is a benchmark of the income required to support an acceptable standard of living<sup>3</sup>, those relying on the State Pension will fall short of the minimum standard by £27.92 a week, or £1,452 a year.

**Stan Russell, retirement income expert at Prudential, said:** “The long-term trend for the number of people retiring without a pension is down and that is good news. But there is still some distance to go and it is worrying so many people will be entirely reliant on the State Pension for their income in retirement.

“While the State Pension is an important part of retirement income, it shouldn’t be the only part and those still in work should if at all possible be contributing to a pension and saving towards their retirement. It is never too early to start saving into a pension and even a small amount each month can make a difference and help from a professional financial adviser can be invaluable in helping plan for retirement.”

The research highlights the significance of the State Pension to people in retirement including those with pension savings of their own. On average, people expecting to retire this year estimate that the State Pension will account for more than a third (33 per cent) of their income in retirement.

### Retiring with no pension 2008 to 2018

How the retirement saving message is hitting home

People retiring in...	Proportion of retirees with no pension savings			State Pension as proportion of average retiree’s total income
	All retirees	Men	Women	
2008	23%	17%	32%	32%
2009	22%	11%	31%	31%
2010	20%	9%	30%	34%
2011	20%	10%	28%	37%
2012	16%	9%	22%	35%
2013	16%	8%	23%	36%
2014	14%	7%	20%	35%
2015	15%	9%	21%	36%
2016	14%	7%	22%	35%
2017	14%	9%	19%	35%
2018	12%	7%	18%	33%

Source: Prudential’s *Class of...retirement research* – 2008 to 2018

Of those retiring in 2018 who do have a pension of their own, two fifths (42 per cent) have the majority of their pension in a workplace final salary scheme, one in eight (13 per cent) have their savings in a personal pension which is not through their employer and 12 per cent have the majority in a workplace defined contribution scheme.

**ENDS**

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Radio interviews via ISDN or various smartphone apps can be arranged on request.

## Notes to editors

<sup>1</sup> Research Plus conducted an independent online survey for Prudential between 29 November and 11 December 2017 among 9,896 non-retired UK adults aged 45+, including 1,000 planning to retire in **2018**.

<sup>2</sup> Benefit and pension rates 2018-2019 -

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/662290/proposed-benefit-and-pension-rates-2018-to-2019.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/662290/proposed-benefit-and-pension-rates-2018-to-2019.pdf)

<sup>3</sup> Figures taken from the 2017 update of the Minimum Income Standard for the United Kingdom published by the Joseph Rowntree Foundation -

<https://www.jrf.org.uk/report/minimum-income-standard-uk-2017>