

Retirement Voice 2023: How financial attitudes have changed

➤ **How do people in the UK feel about their finances? And how is the ongoing economic uncertainty affecting their plans for retirement? To find out, Standard Life surveyed the views of more than 6,000 people from all walks of life**

Our research indicates three themes of how people feel about their retirement and how the cost of living is affecting their plans for the future:

1. The need for financial certainty
2. The cost of financial uncertainty
3. The power of planning

Below is a summary of these themes, which are explored in more detail in our Retirement Voice 2023 report¹.

1. The need for financial certainty

Two-thirds of people say they have a more cautious attitude towards their finances because of the cost of living. Women are considerably more cautious with their money than men (71 per cent versus 59 per cent). And Gen Xers (those aged 43–58) are most cautious of all generations.

Many people say they're looking to cut back on their everyday spending (38 per cent), though the proportion has dropped significantly since 2022 (49 per cent).

So far, people haven't made significant cutbacks to their pension contributions. However, of those who are looking to make cutbacks over the next 12 months, three-in-ten put pension contributions among their top five cost-saving priorities.

The great majority of people (92 per cent) want their pension pot to give them a guaranteed regular income in retirement. However, a similar number (89 per cent) say being able to access some or all of their pension savings flexibly is important (see Figure 1).

2. The cost of financial uncertainty

Overall, the UK's financial mood appears

to be no worse than it was before the mini-budget in September 2022.

That said, a quarter of people say they've lost sleep as a result of financial pressures. A similar number believe it's affected their mental health. Rising inflation, energy prices, economic uncertainty and rising interest rates are the main causes of this worry.

The nation is also more receptive to taking on debt than in 2022, despite the cost of credit generally being more expensive.

Gen Xers consistently feel the least positive about their financial situation. However, younger generations are most likely to say that they've suffered from an emotional or health issue as a result of managing their finances (see Figure 2).

Women are also paying a higher price for the economic uncertainty. Almost half of women feel worried, anxious, stressed or overwhelmed, compared to a third of men.

Despite many people suffering from mental and emotional problems as a result of financial issues, most people (62 per cent) haven't looked for support.

3. The power of planning

People who plan generally experience better financial wellbeing and retirement outcomes. This is true across generations, genders and income levels.

Planners are almost three times more likely to feel positive about their current financial situation than non-planners (61 per cent versus 21 per cent).

Among those with total household incomes of less than £30,000, people who do a great deal of planning are more than three times as likely to describe their financial situation as "comfortable" than those who do no planning (36 per cent versus 10 per cent).

Despite these benefits, just three-in-ten people say they've done a great deal of retirement planning.

Gen X (21 per cent), those with household incomes of less than £30,000 (22 per cent), and women (24 per cent)

Figure 1: When it comes to retirement income, most people want both certainty and flexibility

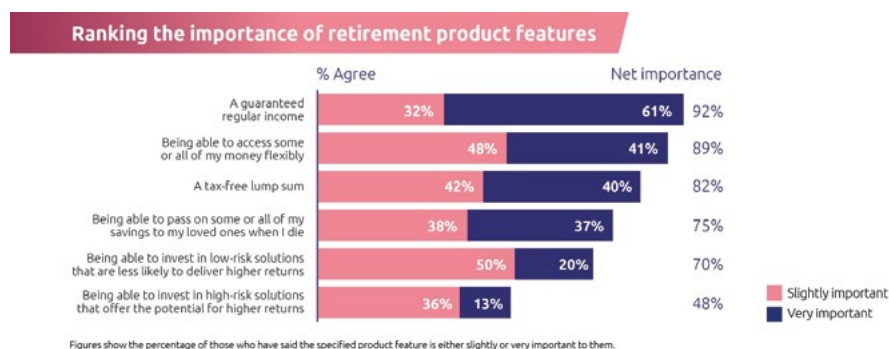
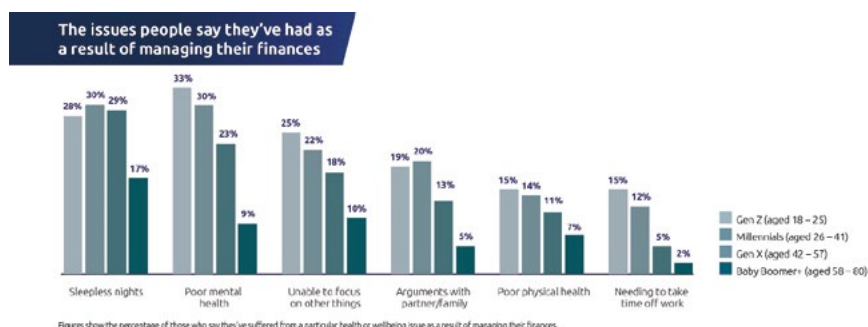


Figure 2: Gen Zers and Millennials are most likely to say they've suffered as a result of managing their finances



are among the least likely to do any planning for their retirement.

How can our industry make a difference

If we're to make financial security in retirement fairer, we must take the following three steps.

Figure 3: Financial planning appears to provide benefits across all incomes



1. Help people feel a little more certainty

It's encouraging that most haven't reduced or stopped their regular pension contributions. However, we must not presume this will remain the case in 2024. Instead, we must continue to provide widespread financial education

that empowers people to make informed decisions about their short-, medium- and long-term finances.

We've recognised that people increasingly want income certainty in retirement and launched a new pension annuity earlier in 2023. However, the benefits of drawdown will always be an attractive proposition for many people. So, we must look for ways to make it easy for people to enjoy the benefits of a guaranteed income

and an element of financial freedom in retirement.

2. Improve people's wellbeing

Many people feel anxious just thinking about their finances. Gen Xers, in particular, appear to be struggling. To support this group more, we have begun offering our employees Midlife MOTs, which help people to plan more holistically for their future work, wealth and wellbeing.

We also want to boost engagement overall, so we've confirmed plans to create a commercial pensions dashboard to help our customers achieve greater awareness of their retirement savings and a truly holistic view of their finances.

3. Encourage people to plan and use free guidance

Since the cost-of-living crisis, financial planning arguably has an even more critical role to play in helping people manage not just their financial pressures, but also the potential adverse mental and physical effects of financial worry.

So we need to do even more to give people the tools to plan for their retirement, while promoting the benefits of seeking guidance or advice. Ultimately, however, we must make support available to whoever needs it most. And this has to come in a form that's personal, relatable and engaging. Only then can we hope to foster better financial and social wellbeing for all.

Take a look at our full Retirement Voice 2023 report for more insights: standardlife.co.uk/retirement-voice

Written by Standard Life

In association with **Standard Life**
Part of Phoenix Group

¹ Between July and September 2023, Standard Life commissioned an independent study that sought to understand consumer attitudes to pensions and retirement plans. The study questioned a total of 6,350 UK adults, with the data weighted to give a nationally representative sample by age, gender, region and working status. The research sample included UK adults aged 18-80 and covered a range by income, savings, region, gender, ethnicity, and other key attributes.