Standard Life Centre
for the Future of Retirement

Jam Tomorrow?

Work, finances and retirement in an era of a rising State Pension age

December 2025

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Executive summary

For sixty years, the State Pension ages for women and men in the UK did not change. But since 2010, we have been in an era of a rising State Pension age – increasing to 67 for both women and men by the end of 2028.

The government recently announced the Third State Pension Age Review, which will run alongside the new Pensions Commission. Dr Suzy Morrissey has also been appointed to prepare an Independent Report regarding the key factors government should consider in determining the State Pension age in the future.

This report from the Standard Life Centre for the Future of Retirement summarises our previous research about the State Pension; explores what we know about the effects of a rising State Pension age; suggests principles which we think should guide future changes to the State Pension; and sets out ideas for how the government and employers can help to mitigate some of the negative impacts of a higher State Pension age for individuals.

The UK's demographics are changing. The proportion of people above the State Pension age is projected to increase gradually in the future. However, more immediately, the UK today has a growing number of people in their 60s, who were born in the 1960s baby boom. In 2010 there were 6.7 million people in their 60s, today there are 8 million, and this is projected to peak in the near term at 8.7 million in 2031. It is this cohort who are most directly affected by changes to the State Pension age.

We have used surveys and deliberative research to explore **public attitudes towards the State Pension**. Key findings include:

- **The State Pension really matters to people.** Most people believe that the purpose of the State Pension is to serve as the foundation of people's incomes in retirement, and to protect people from falling into poverty in old age. 84% of the public believe that it is an essential role of government to provide the State Pension.
- **But knowledge and understanding are sometimes low.** In a 2025 survey, only 18% of survey respondents correctly identified the current State Pension age of 66. Participants in our deliberative research often had low levels of knowledge and understanding about the State Pension.
- **Many have concerns about the State Pension's future.** Participants in our deliberative research expressed concern about the long-term existence of the State Pension. An increasing level of distrust in government, alongside worries about the government's ability to fund the State Pension, contributed to these concerns. In our 2025 survey, only a little over half (51%) of adults aged 18-65 said they think that the State Pension will still be available for everyone when they themselves retire – a fundamental principle of the current system.

- **Most accept the need for State Pension age rises over the longer term – if done fairly.** When participants in our deliberative research were presented with information about increasing life expectancy and the UK's ageing population, they tended to agree that raising the State Pension age was an acceptable response. However, a strong desire for fairness was a prominent theme throughout the discussions. Participants were worried about the lack of fairness in simply raising the State Pension age directly in line with the country's increasing life expectancy. Unequal life expectancy levels across the country, unanticipated events that undermine the relevance of 'average life expectancy' for any one person, and a person's physical and mental ability to work until retirement were all factors which participants said needed to be addressed if the State Pension age were to increase.

The effects of raising the State Pension age include both positive and negative impacts:

- **Longer working lives – but people are no more likely to re-enter employment.** Rises in the State Pension age have increased the employment rate of those affected by around 11 percentage points. However, this is almost entirely concentrated among those already in paid work. Very few people out of work in their late 50s re-entered employment, despite a higher State Pension age.
- **More people in poverty – especially those out of work.** When the State Pension age rose from 65 to 66, the proportion of 65-year-olds in income poverty more than doubled, from 10% to 24%. Those who are out of work are far more likely to be in income poverty. More generally, 'pre-retirement poverty' among people in their early 60s has increased: the income poverty rate for 60- to 64-year-olds rose from 16% in 2009-10 to 22% in 2023-24, while the poverty rate for people in their 50s has fallen slightly over the same period. There are over 250,000 more people in pre-retirement poverty today than in 2010.
- **Difficult decisions about how and when to use private pension savings.** Many people are currently able to access private pension savings from the age of 55 (rising to 57 in 2028). Around four in ten 55-64-year-olds (43%) have only a Defined Contribution (DC) pension. With a higher State Pension age, those with DC pension wealth face difficult decisions about how and when to use these savings. Should they spend them to 'bridge' the gap between leaving work and reaching State Pension age, or does this risk their financial security later in life? These decisions may be particularly challenging for those who find themselves out of work prior to reaching State Pension age.
- **Fiscal savings for the Treasury – but at a cost.** The Office for Budget Responsibility (OBR) estimates that raising the State Pension age from 66 to 67 will reduce public spending by £10 billion in 2029-30. However, raising the State Pension age is not cost-free. A higher State Pension age risks prolonging pre-retirement poverty. And it also risks becoming increasingly unfair: people living in poverty, in poor health and in socioeconomically deprived parts of the country have lower life expectancy and therefore on average will receive the State Pension for fewer years of their life (if at all). Relying exclusively on raising the State Pension age to manage the fiscal cost of the State Pension would risk making this disparity seem increasingly unfair.

Given these known impacts, we think that, as the State Pension age rises to 67 over the next few years, it is important that the government puts in place specific policies to mitigate the negative effects, to ensure that as many people as possible have financial security in their 60s, both before and after State Pension age.

We think that it is appropriate for the Treasury to use an amount equivalent to a proportion of the fiscal savings of raising the State Pension age to fund specific mitigation policies. Where these policies lead to better outcomes, such as people remaining in good work for longer, they will also generate additional economic activity and tax revenue. As an example, investing an amount equivalent to 20% of the fiscal savings would provide £2 billion to fund some of the policy proposals we suggest below.

Helping people to work for longer

- Introduce a cross-departmental strategy for 50+ workers and outcome targets to strengthen policy focus
- Government and employers should promote flexible working and part-time working
- Provide support to unpaid carers and those with health conditions to help them remain in or return to paid work, using the momentum of the Keep Britain Working review
- Expand and improve careers advice and employment support – including through the design of the new Jobs and Careers Service and improving employment support programmes so that they are more effective for people in their 50s and 60s
- Expand access to lifelong learning, training and skills development

Helping people to save more for retirement

It is inevitable that a certain proportion of people will need to retire before reaching State Pension age – for example due to ill health, disability, caring responsibilities or job loss. Where possible, this group will have greater financial security if they have built up savings, which they may be able to use to 'bridge' between leaving paid work and reaching State Pension age.

The new Pensions Commission is currently considering how to improve adequacy in the medium and long term. There are also steps which government, employers and pension providers can take in the shorter term:

- The government, employers and pension providers can encourage individuals to engage with their pensions and retirement planning.
- The government should provide details of the reforms in the Pension Schemes Bill as soon as possible to support implementation so that savers can enjoy the benefit of scale and receive value for money.
- Employers can offer options to adjust Automatic Enrolment (AE) contributions, for example salary sacrifice, auto-escalation or side-car products (new research on this topic will be published by the Standard Life Centre for the Future of Retirement in 2026).

- The government should aim to launch Pensions Dashboards as soon as practicable, and actively inform the public about them when they are launched, so that people can get a holistic view of their pension savings. Pensions Dashboards could also include reminders to check National Insurance contribution records, relevant for the State Pension.

Helping people to make good decumulation decisions

In combination, a higher State Pension age and more wealth held in DC pensions mean that people's decisions about how and when to access their pension savings will be more consequential than for previous generations.

- In our recent report on Targeted Support, we conducted in-depth research with a consumer panel of 30 people. We included recommendations for providers to help design and implement Targeted Support in ways that are genuinely customer-centric, including measures to improve consistency and trust.
- As people's decisions regarding their DC pensions become more significant, the government should invest more in promoting the use of services including MoneyHelper and Pension Wise.

Adapting the social security system

- The Department for Work and Pensions (DWP) could explore providing additional means-tested financial support to some groups of people one year prior to State Pension age via the Universal Credit system. This would recognise that only a small proportion of people who are out of work at age 65/66 are able to move back into employment, and could provide some additional financial support for people who are unable to work at this age (for example, due to ill health or disability).

Introduction

> ***"The rule is, jam to-morrow and jam yesterday – but never jam to-day."***
> Lewis Carroll, *Through the Looking-Glass, and What Alice Found There*

A promise for the future

The State Pension is unlike any other part of the social security system. It is near universal and not means-tested. With the necessary years of National Insurance contributions, eligibility is determined by reaching a particular age, no matter your health, wealth or needs. We spend £138 billion a year on it, the second-largest item in the government budget after the NHS, and it makes up a core part of most people's retirement income.[1]

Unlike health, education or any other major form of public spending, almost all the costs to the individual are felt earlier in life and all the benefits accrued later on. Once you start receiving it, it is guaranteed for the rest of your life.

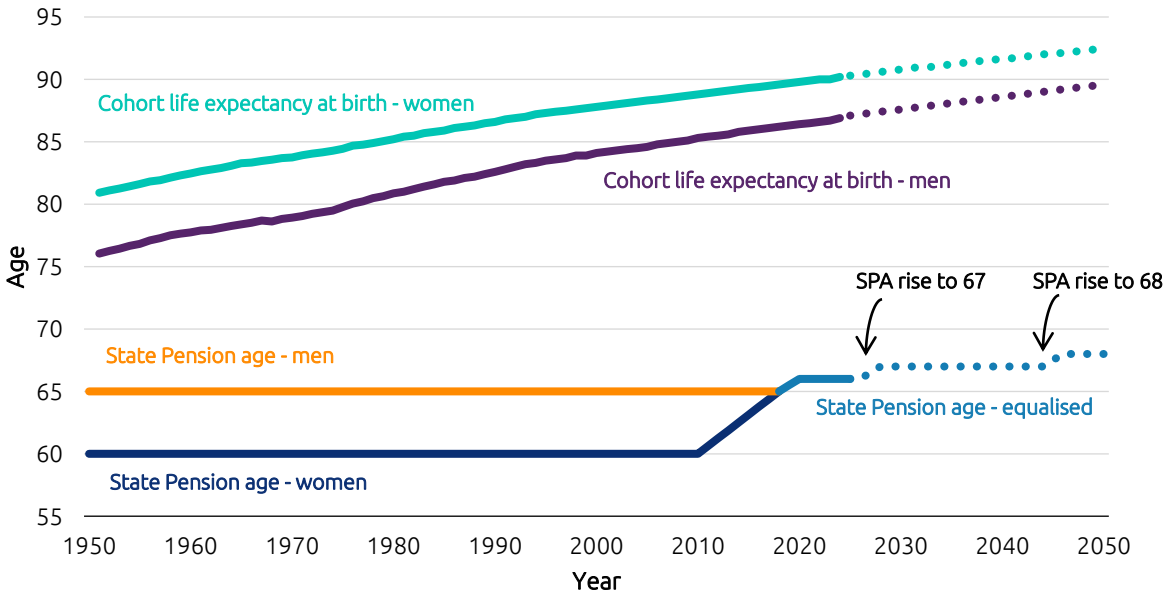
It is also a central part of our intergenerational social contract as a country. Today's workers contribute to support today's pensioners, on the promise that workers in the future will support them in turn. But what happens when 'tomorrow' gets pushed further away? How does it affect the way we work and retire? And what happens when an increasing number of people, like Alice in Lewis Carroll's children's tale, think that 'tomorrow' may never arrive?

The era of a rising State Pension age

The National Insurance Act 1946 introduced the modern State Pension to the UK, setting a 'pensionable age' of 60 for women and 65 for men.[2] Despite rising longevity throughout the 20th century, these State Pension ages remained unchanged until 2010. Since then, the government (through legislation enacted under Labour, Coalition and Conservative administrations) has raised the State Pension age for women to 65, then to 66 for both women and men, and a rise to 67 will be phased in between 2026 and 2028. A further increase to 68 is currently scheduled between 2044 and 2046. After sixty years of stability, the period from 2010 to 2028 stands out as one of relatively quick change – particularly for women, for whom the State Pension age will have increased by seven years in an 18-year period.

[1] OBR, Economic and fiscal outlook – March 2025, 26 March 2025
[2] The National Archives, National Insurance Act 1946

Figure 1: State Pension ages and cohort life expectancy at birth, 1950 to 2050, UK[3]



The government recently announced the Third State Pension Age Review, which will run alongside the new Pensions Commission.[4] Dr Suzy Morrissey has also been appointed to prepare an Independent Report regarding the key factors government should consider in determining the State Pension age in the future.[5] This will be the third Independent Report, following on from the first by John Cridland (2017) and the second by Baroness Neville-Rolfe (2023).[6,7]

In this context, this report from the Standard Life Centre for the Future of Retirement summarises our previous research about the State Pension; explores what we know about the effects of a rising State Pension age; suggests principles which we think should guide future changes to the State Pension; and sets out ideas for how the government and employers can help to mitigate some of the negative impacts of a higher State Pension age for individuals.

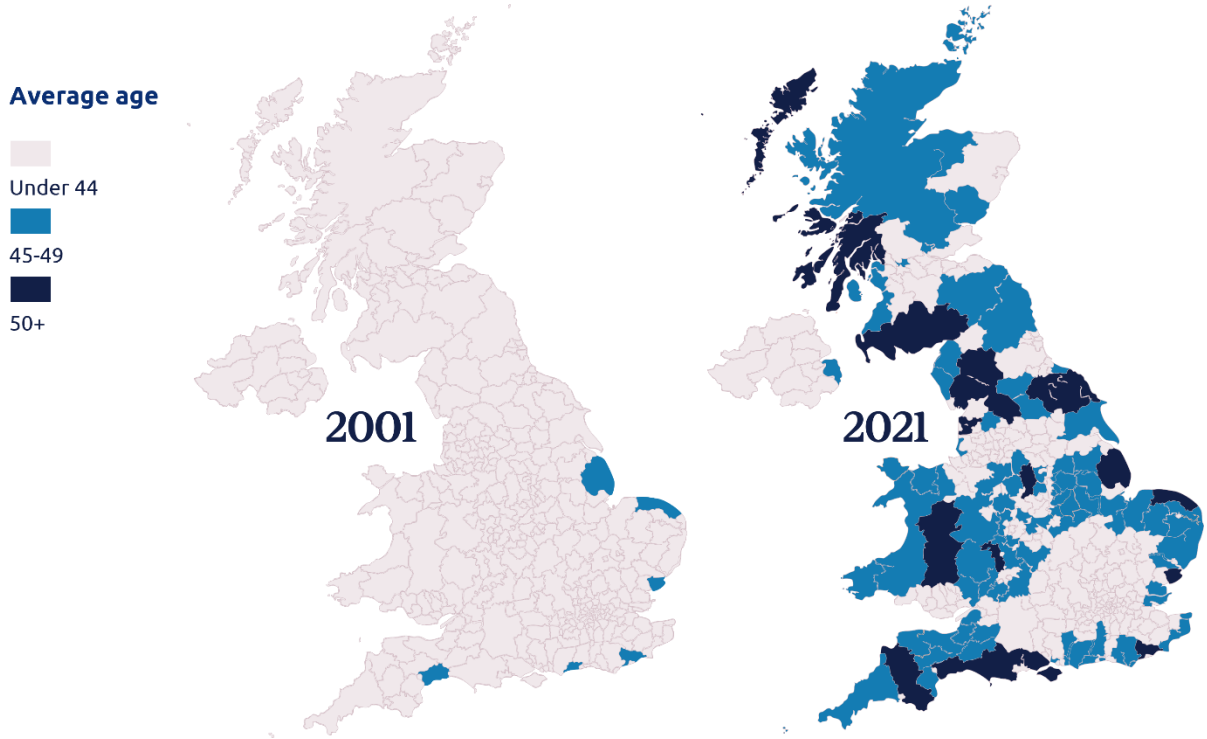
[3] ONS, 2022-based National population projections life tables template, United Kingdom, from 1951 to 2072, 14 February 2025
[4] DWP, Third State Pension age review, 21 July 2025
[5] DWP, Third Review of State Pension age: Independent Report Terms of Reference, 21 July 2025
[6] DWP, State Pension age independent review: final report, 23 March 2017
[7] DWP, State Pension age Independent Review 2022: final report, 30 March 2023

How are the UK's demographics changing?

We are getting older

The UK has a gradually ageing population, although our overall median age (40) is comparable to countries such as the United States (38) and France (42), and significantly lower than other countries such as Japan (49) and Italy (48).[8] Different parts of the UK are ageing at different rates. In 2001 there were six local authorities with an average age of 45 or older. In 2021 there were 126.[9]

Figure 2: Local authorities in the UK by average age: 2001 and 2021[10]



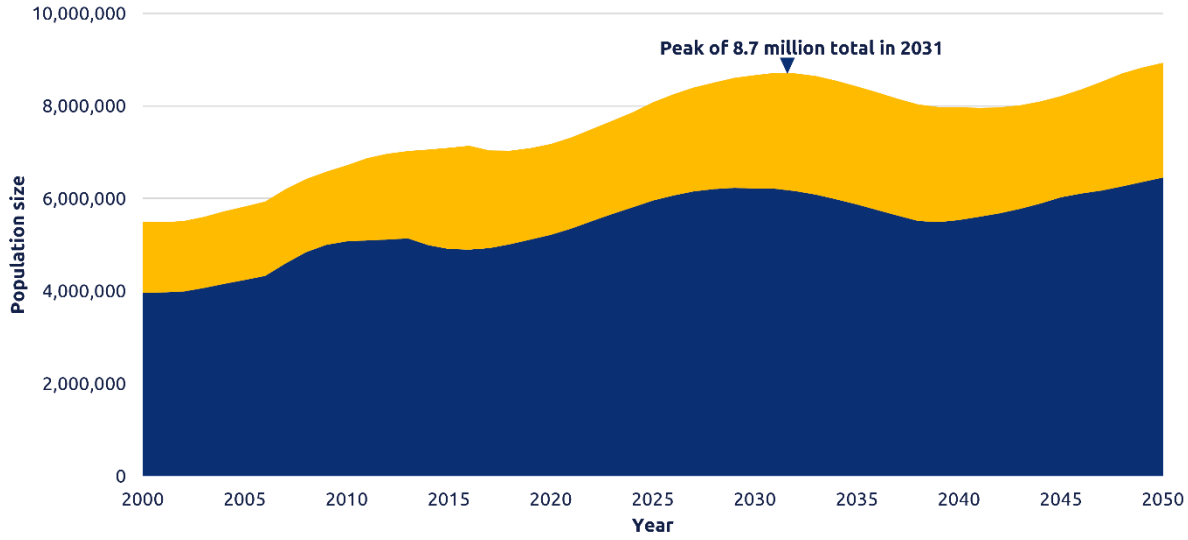
As with other high-income countries, in the long term the UK is expected to have a growing proportion of the population above State Pension age, with an associated increase in public spending on the State Pension.[11]

We have more people living in their 60s

More immediately, the UK currently has a growing number of people in their 60s. This cohort, born in the 1960s baby boom, will be most directly affected by the rising State Pension age. As Figure 3 shows, the total number of people aged 60-69 is projected to peak in the near term at 8.7 million in 2031.

[8] Our World in Data, Median age, 2024
[9] Standard Life Centre for the Future of Retirement, Changing Journeys: How we save, work and retire, 20 November 2024
[10] Standard Life Centre for the Future of Retirement, Changing Journeys: How we save, work and retire, 20 November 2024, p. 4
[11] IFS, Challenges for the UK pension system: the case for a pensions review, 20 April 2023, Figure 13

Figure 3: Total number of people aged 60-66 and 67-69: UK, 2000 to 2050[12]



This increase in the number of people in their 60s means that their circumstances matter. They will represent a greater proportion of the available workforce, impacting economic activity and productivity. As individuals, more of them will be at risk of being negatively affected by a rising State Pension age if mitigations are not put in place.

[12] ONS, Estimates of the population for the UK, England, Wales, Scotland, and Northern Ireland: UK population estimates 1838 to 2024, 2025 and ONS, Zipped population projections data files, UK, Migration category variant, 2025

What is the purpose of the State Pension?

The State Pension is the largest single item of social security spending in the UK, and it provides the foundation of most people's incomes in retirement. It matters to people of all ages, both in terms of when it is received and how it is funded. There are important policy and social questions to consider. What should the State Pension age be? Who should receive it? How much should it pay to people per year? How should it be uprated over time? How can we ensure financial sustainability and fairness within, and between, generations? To address these topics, we need to understand the overall policy purpose of the State Pension itself, and how people think about it.

A state pension can serve multiple objectives, with two common ones being (a) "to avert poverty in old age" and (b) "to ensure that all individuals have a decent replacement rate" of the income they had while working.[13] Overall, the new State Pension system (reformed as a result of the original Pensions Commission in the 2000s) is primarily designed to achieve the first of these policy objectives, rather than the second, which is left to the private pensions savings system.

People themselves recognise that the State Pension serves multiple purposes. In a YouGov survey we commissioned in 2022, we offered four options describing different potential purposes of the State Pension, all of which had high levels of agreement:

- Ensuring everyone has a minimum level of income in retirement (87%)
- Supporting older people who are unable to work (82%)
- Returning money to people that they paid in during their working lives (74%)
- Allowing people to do things other than work in their older age (73%)[14]

Through our research into public attitudes, we have found that **most people believe that the purpose of the State Pension is to serve as the foundation of people's incomes in retirement, and to protect people from falling into poverty in old age.**[15] Members of the public who participated in our deliberative research consistently defined the State Pension as a form of financial support from the government that ensures pensioners achieve a 'basic' standard of living in retirement, in lieu of a salary.[16]

From the perspective of individuals, the State Pension also helps to smooth income over the life course: most people in the UK pay tax on their earnings while working

[13] IFS, The history of state pensions in the UK: 1948 to 2010, 2010
[14] Proportion of UK adults responding "a great deal" or "a fair amount" for each option in response to the question, "To what extent, if at all, do you consider each of the following a key purpose of the State Pension?" YouGov/Standard Life Centre for the Future of Retirement survey, in Reaching a certain age: Public attitudes to the state pension, 12 July 2022
[15] Standard Life Centre for the Future of Retirement, An intergenerational contract: Policy recommendations for the future of the state pension, 1 June 2023
[16] The Policy Institute at King's College London, The future of the State Pension, May 2023

and then receive the State Pension in retirement. But because it is an unfunded 'pay-as-you-go' scheme, the State Pension is also a central part of our intergenerational social contract as a country, with the current working-age population funding the State Pension for the current pensioner population.[17]

The State Pension should therefore serve as the foundation of people's incomes in retirement, ready to be 'built on' with private pension savings and other sources of income. However, the State Pension is particularly important for lower-income households. People who were low earners during their working life are protected by the State Pension from severe poverty in retirement.[18] For example, it provides around 70% of the income of the lowest-income fifth of 66-74-year-olds.[19]

[17] Standard Life Centre for the Future of Retirement, An intergenerational contract: Policy recommendations for the future of the state pension, 1 June 2023
[18] Nest Insight, How much is enough?, September 2024
[19] IFS, Understanding retirement in the UK, 1 November 2023

Public awareness of and attitudes towards the State Pension

Over the last few years, the Standard Life Centre for the Future of Retirement has run both surveys and in-depth deliberative research with citizens to understand more about public attitudes towards the State Pension. In 2022, we commissioned the Policy Institute at King's College London to conduct deliberative research with 100 members of the public across two workshops in London and Birmingham.[20] We summarise some of the key findings below.

The State Pension matters to people

In our 2022 survey, 84% of the public said they think that it is an essential role of government to provide the State Pension.[21] When asked a hypothetical question about how the government should pay for the rising costs of the State Pension, the most popular answer, selected by almost half of UK adults (48%), was to "raise taxes so that the value of the State Pension does not fall". Increasing the State Pension age was not as popular, although a combined 33% selected one of the options which mentioned raising the State Pension age.[22]

But knowledge of the State Pension age is mixed

In a 2025 survey, we asked UK adults aged 18-65 to identify the current State Pension age (see Figure 4).[23] Only 18% responded correctly with the answer of 66. The most common answer was 67 (selected by 36%), implying that some people were aware of the planned State Pension age rise which will occur during 2026-28, or were answering the question with their personal State Pension age in mind. A combined 32% of the public underestimated the current State Pension age (responding between age 55 and 65).[24]

[20] Standard Life Centre for the Future of Retirement, An intergenerational contract: Policy recommendations for the future of the state pension, 1 June 2023
[21] Standard Life Centre for the Future of Retirement, Reaching a certain age: Public attitudes to the state pension, 12 July 2022
[22] Standard Life Centre for the Future of Retirement, Reaching a certain age: Public attitudes to the state pension, 12 July 2022, Figure 9
[23] Respondents were offered options from age 55 to age 75, and asked to select one option
[24] Standard Life Centre for the Future of Retirement, Retirement Voice 2025, 7 October 2025

Figure 4: Knowledge of the current State Pension age and what the State Pension age will be in 2030 *(Base: UK adults aged 18-65)*[25]

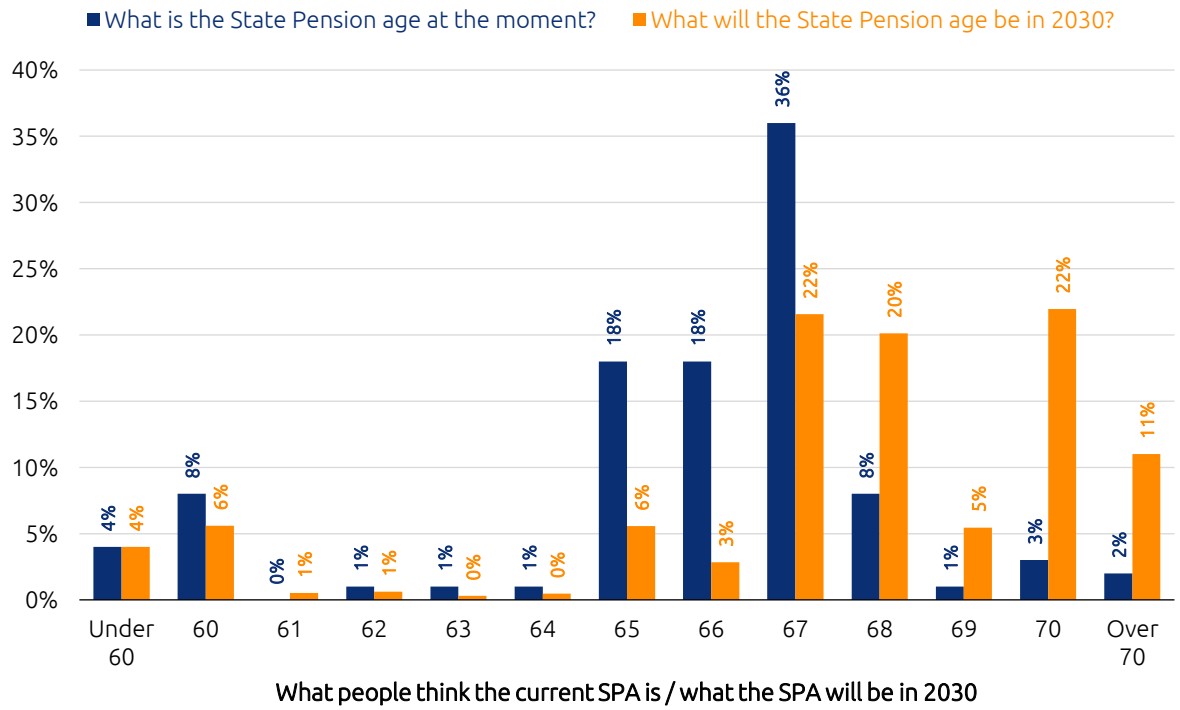
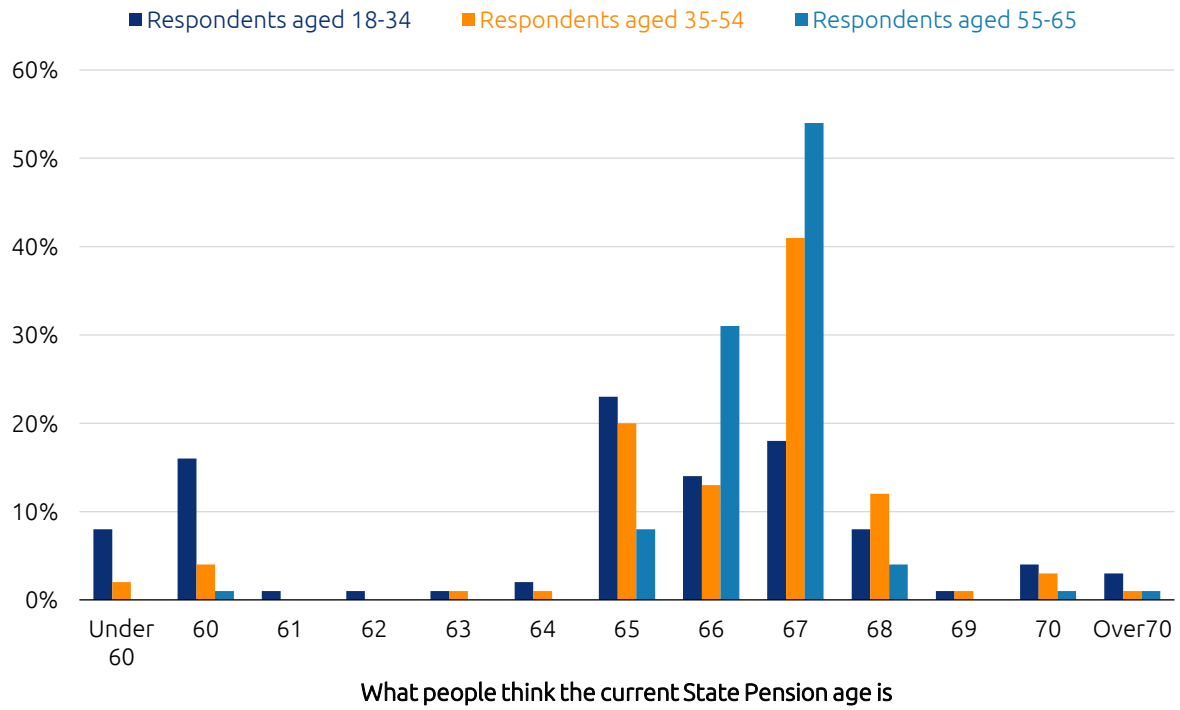


Figure 4 also shows that one in three (33%) think the State Pension age will be 70 or more by 2030.[26] Realistically this is a highly unlikely outcome, and one that is not legislated for. This may indicate that people think government policy could change at short notice and reflect low awareness of the government's existing commitment to providing ten years' notice of future increases to the State Pension age. It may also suggest people have a vague awareness that the State Pension age is rising, while lacking knowledge about the details.

As Figures 5 and 6 show, there is a clear relationship between chronological age and knowledge of the State Pension age. Among those aged 55 to 65, eight in ten (85%) said the State Pension age was currently either 66 or 67. In contrast, people in the 18-34 age group were more uncertain, with one in four (24%) thinking the current State Pension age was 60 or below.

[25] Standard Life Centre for the Future of Retirement, Retirement Voice 2025, 7 October 2025
[26] Standard Life Centre for the Future of Retirement, Retirement Voice 2025, 7 October 2025

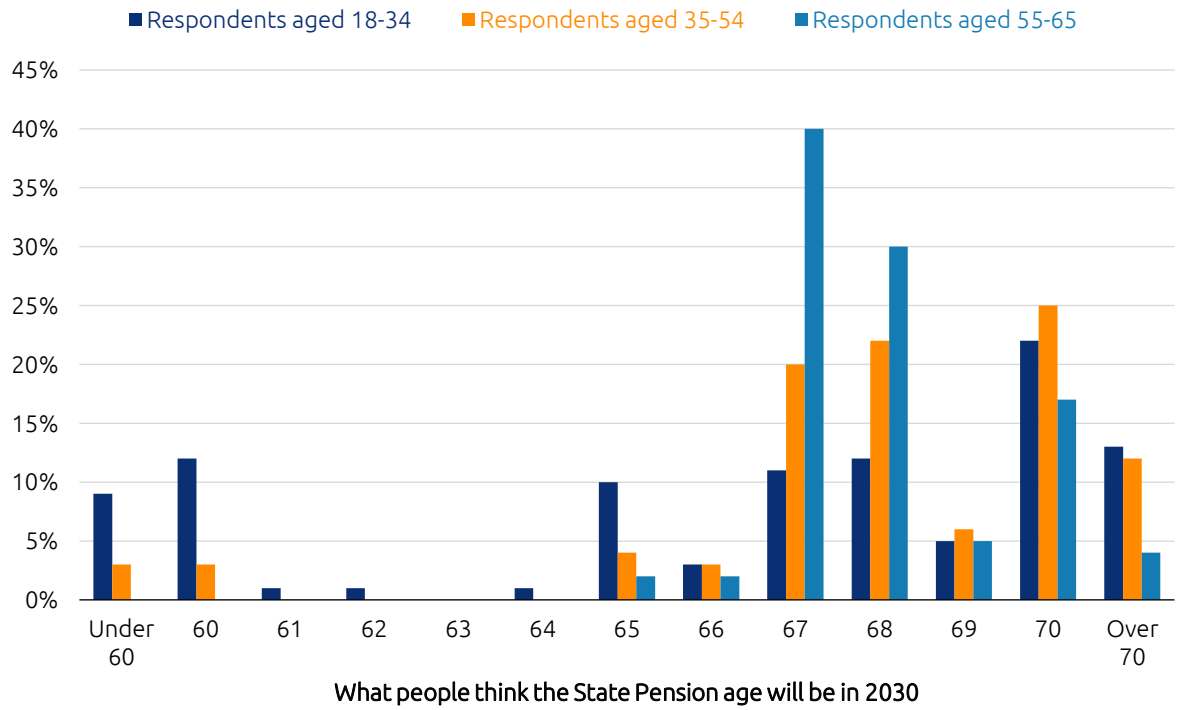
Figure 5: Knowledge of the current State Pension age, by age group *(Base: UK adults aged 18-65)*[27]



When thinking about the State Pension age in 2030, younger age groups were more likely to think it would be 70 or higher (see Figure 6). Those aged 55 to 65 were more likely to say it would be 67 or 68, which likely reflects their more accurate knowledge of the current State Pension age. However, it is perhaps surprising that even among this age group, one in five (21%) think the State Pension age could be 70 or more by 2030.

[27] Standard Life Centre for the Future of Retirement, Retirement Voice 2025, 7 October 2025

Figure 6: Knowledge of what the State Pension age will be in 2030, by age group *(Base: UK adults aged 18-65)*[28]



People also have low knowledge of how the State Pension works

Participants in our deliberative research often had low levels of knowledge about the State Pension and how the system works, including about aspects such as:

- The number of years of National Insurance contributions needed to achieve the full State Pension
- The factors which make you ineligible for the State Pension
- The amount of money you receive from the State Pension
- What the triple lock is
- And for some, the difference between the State Pension and a workplace pension

Some participants also held misconceptions about the State Pension – the most prominent being the belief that each person's National Insurance contributions are kept in a personal pot, ready for them to access when they reach State Pension age.[29]

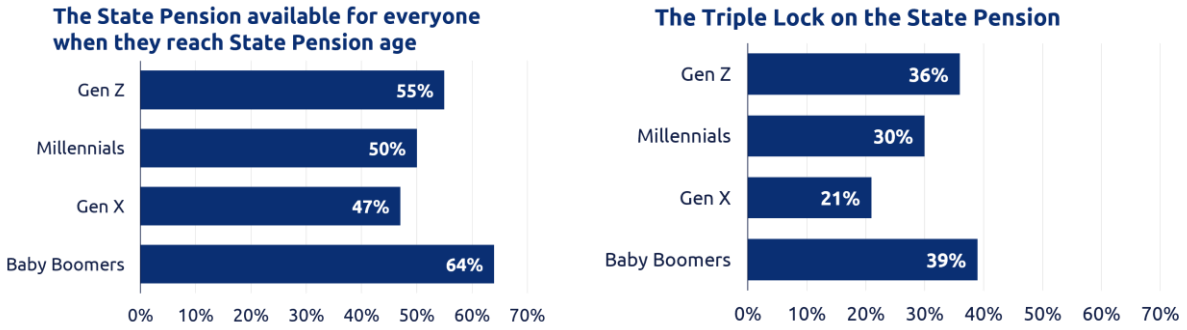
Many are uncertain about the State Pension's future

In our 2025 survey, only a little over half (51%) of adults aged 18-65 said they think that the State Pension will still be available for everyone when they themselves retire – a fundamental principle of the current system.[30] Generation X (age 45-60) were the least confident about the State Pension being available for everyone, even though they are nearer to State Pension age than younger generations. They were also the age group with the lowest confidence in the future of the triple lock, with just 21%

[28] Standard Life Centre for the Future of Retirement, Retirement Voice 2025, 7 October 2025
[29] The Policy Institute at King's College London, The future of the State Pension, May 2023, p. 21
[30] Standard Life Centre for the Future of Retirement, Retirement Voice 2025, 7 October 2025

agreeing that it will still exist by the time they retire (compared to 29% of all those aged 18-65).[31]

Figure 7: "To what extent do you agree that the following will still exist by the time you retire?" *(Net: Agree) (Base: UK adults aged 18 to 65)*[32]



Participants in our deliberative research also expressed concern about the long-term existence of the State Pension. An increasing level of distrust in government, alongside worries about the government's ability to fund the State Pension, contributed to these concerns.[33]

When research participants were presented with information about increasing life expectancy and the UK's ageing population, they tended to agree that raising the State Pension age was an acceptable response. However, a strong desire for fairness was a prominent theme throughout discussions in the two workshops. Participants were worried about the lack of fairness in simply raising the State Pension age directly in line with the country's increasing life expectancy. Unequal life expectancy levels across the country, unanticipated events that undermine the accuracy of 'average life expectancy' for any one person, and a person's physical and mental ability to work until retirement were all factors which participants said needed to be addressed if the State Pension age were to increase.[34]

[31] Standard Life Centre for the Future of Retirement, Retirement Voice 2025, 7 October 2025, p. 46
[32] Standard Life Centre for the Future of Retirement, Retirement Voice 2025, 7 October 2025, p. 46
[33] The Policy Institute at King's College London, The future of the State Pension, May 2023, p. 24
[34] The Policy Institute at King's College London, The future of the State Pension, May 2023

What effects does a higher State Pension age have?

Because the State Pension age has been rising since 2010, we now know a considerable amount about the effects it has had. These include:

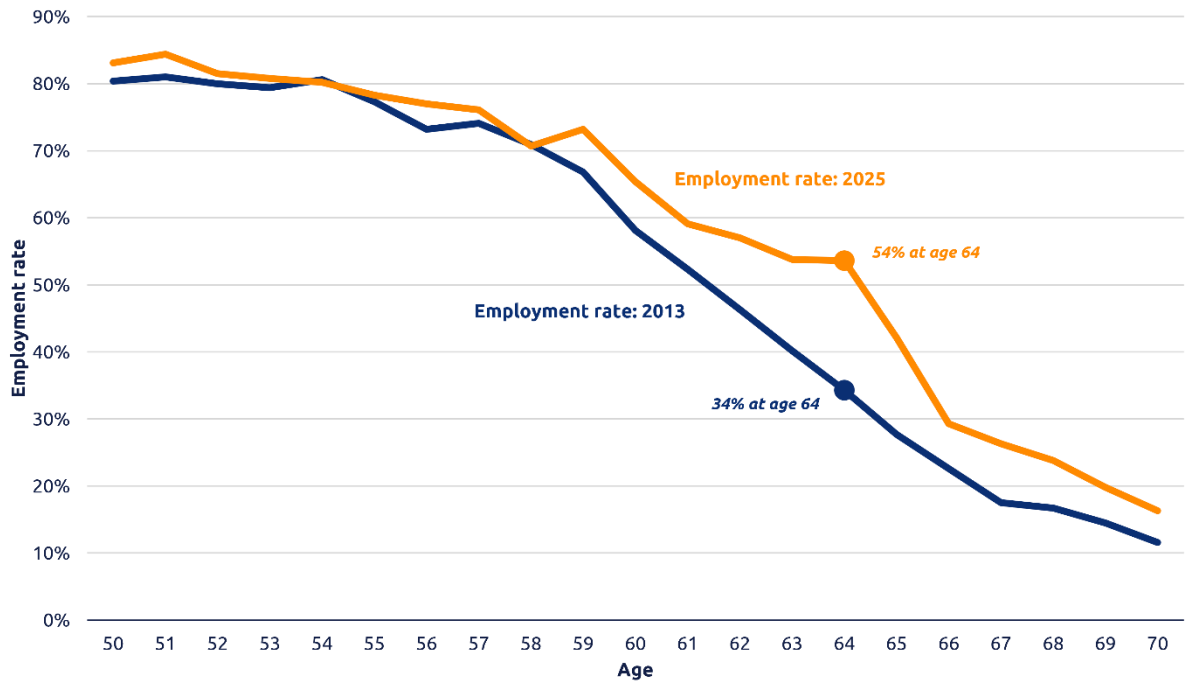
- Implications for employment
- Implications for poverty
- Implications for people's private pensions
- Implications for the public finances

Longer working lives – but people are no more likely to re-enter employment

Institute for Fiscal Studies (IFS) research has found that a rise in the State Pension age increases the employment rate of those affected by around 11 percentage points.[35] Since 2010, the employment rates of people in their late 50s and early 60s have risen significantly, especially among women.

Figure 8 compares employment rates by individual year of age in 2013 and 2025. While employment rates for people in their 50s have remained broadly consistent, there have been significant rises for those in their 60s up to and around the higher State Pension age. The employment rate at age 64 is 20 percentage points higher today than in 2013, a very significant increase in just over a decade.

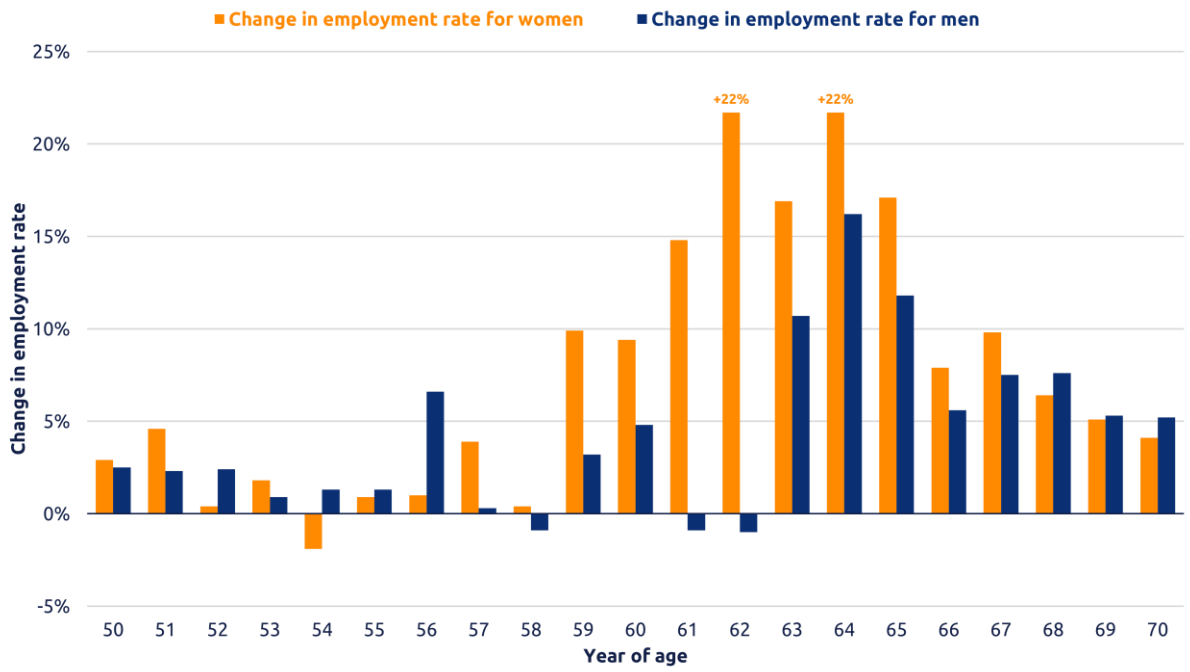
Figure 8: Employment rate by individual year of age: UK, 2013 and 2025[36]



[35] IFS, What should the upcoming State Pension Age Review consider?, 17 September 2025
[36] DWP, Economic labour market status of individuals aged 50 and over, 2023 and 2025

Figure 9 shows these differences by gender in 2013 and 2025, with employment noticeably higher from age 59 for women and to a lesser extent from age 63 for men. IFS research suggests that the primary reason employment rates have increased at ages 59-65 is likely to be the higher State Pension age.[37]

Figure 9: Change in employment rate by individual year of age, women and men: UK, 2013 and 2025[38]



However, IFS research analysing trends in employment among women shows that higher employment as a result of the rising State Pension age was concentrated entirely among those already in employment in their late 50s.[39] Similarly, the State Pension age rise from 65 to 66 (for both women and men) increased employment rates among those already in paid work, but it had no effect on the proportion of people getting a new job or re-entering work.[40] In other words, a rise in the State Pension age encourages some people currently in work to delay their retirement, but does little to help those who have already left the labour market in their 50s and 60s to overcome the barriers to return.

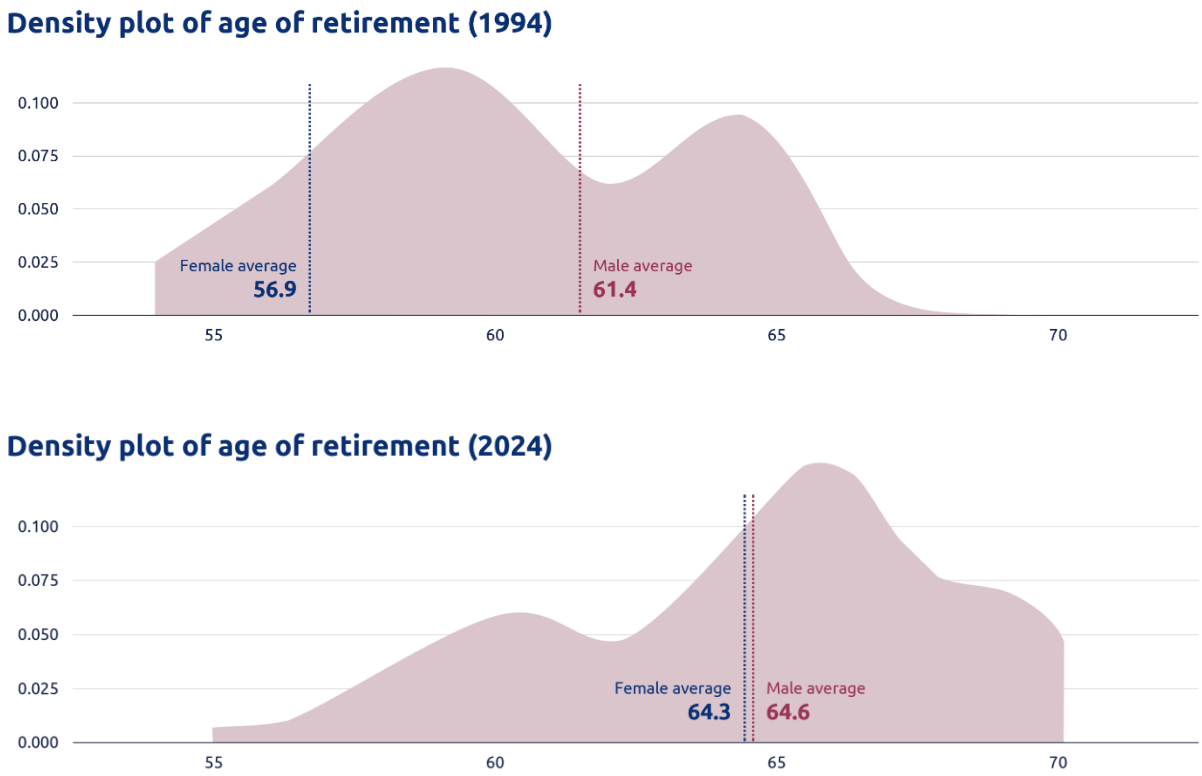
Those who do continue working are better off financially as a result, relative to those who do not work in their late 50s and early 60s. Most benefit not only from higher income through earnings, but also from continuing to build up private pension savings, which means they are more likely to be better prepared for financial security in retirement.

Looking further back in the past, wider changes to the labour market, working patterns and the State Pension age have all had an impact on how long people work

[37] IFS, What should the upcoming State Pension Age Review consider?, 17 September 2025
[38] DWP, Economic labour market status of individuals aged 50 and over, 2023 and 2025
[39] IFS, How do people already out of employment fare when the state pension age rises?, 17 September 2025
[40] IFS, Labour market effects of the increase in the state pension age from 65 to 66, 25 January 2022

for and when they retire. In 2024 people retired on average five years later than was the case in 1994. The distinct gender gap in age of retirement in the 1990s (with men retiring 4.5 years later than women) had largely disappeared, with both men and women retiring at 64.5 on average.[41]

Figure 10: Density plots of age of retirement: UK, 1994 and 2024[42]



More people in poverty – especially those out of work

People already out of work in their late 50s are negatively affected by a higher State Pension age. The evidence so far shows that very few people in this group choose, or are able, to return to paid employment. As a result, this group have significantly lower income in their 60s (no earnings from work, and no income from the State Pension). For some, this means they fall into poverty.

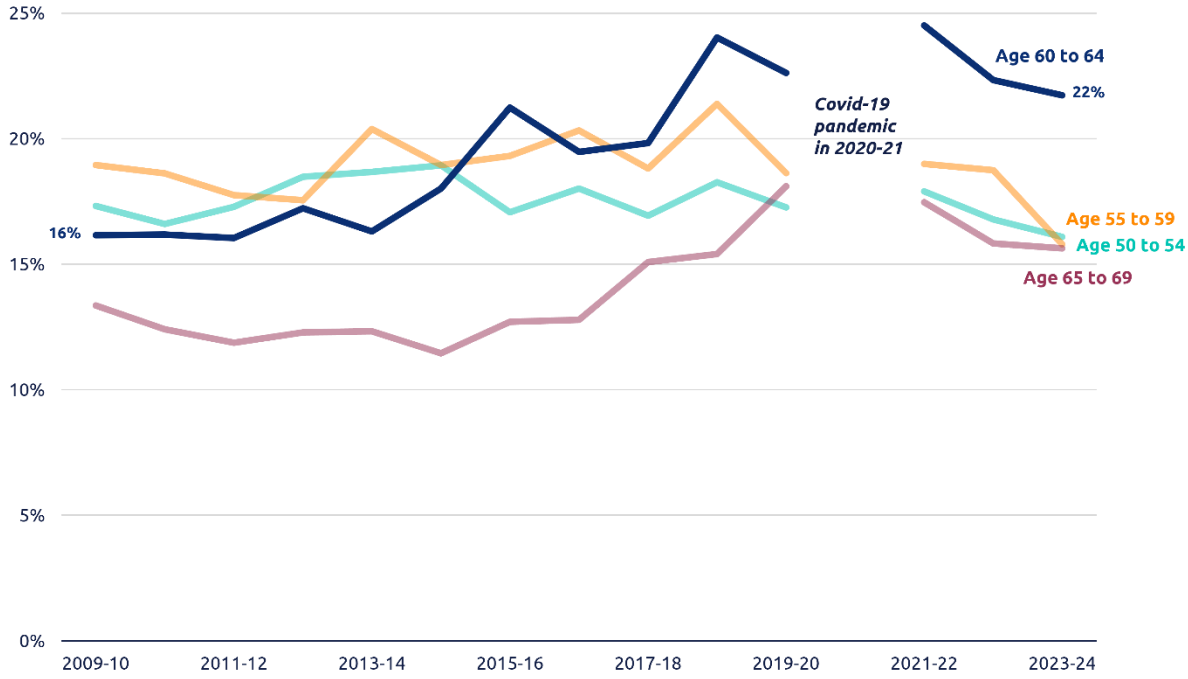
In previous research, we found that one in four people aged 60-65 were in poverty, which we refer to as 'pre-retirement poverty'.[43] This was the highest rate of any adult age group. The poverty rate of those aged 60-65 who were not working was more than twice as high compared to those who were working (37% compared to 15%).[44]

To show how this has changed over time, Figure 11 shows the income poverty rate for different age groups from 2009-10 to 2023-24. Since 2010 the poverty rate for

[41] Standard Life Centre for the Future of Retirement, Changing Journeys: How we save, work and retire, 20 November 2024
[42] Standard Life Centre for the Future of Retirement, Changing Journeys: How we save, work and retire, 20 November 2024, p. 38
[43] Relative income poverty (60% of median after housing costs)
[44] The Fabian Society, When I'm 64: A strategy to tackle poverty before State Pension age, 17 April 2024

people aged 60-64 has risen, while the poverty rates for people aged 50-54 and 55-59 have fallen slightly. There are over 250,000 more people in pre-retirement poverty today than in 2010.

Figure 11: Relative income poverty rate (60% of median after housing costs) by five-year age band: UK, 2009-10 to 2023-24[45]



Focusing on the more recent State Pension age rise from 65 to 66, IFS research found that this change pushed down the net income of 65-year-olds by an average of £108 per week.[46] As a result, the proportion of 65-year-olds in poverty more than doubled, from 10% to 24%.[47] This increase in poverty was concentrated among people not in paid work, since they were more likely to be near the poverty line before the State Pension age rise.[48]

Even those who do not experience poverty in the years prior to State Pension age may be negatively impacted financially as the State Pension age rises. They will be more likely to draw down on savings, leaving them less resilient as they enter retirement. This is a particular concern for those in Generation X who are known to face retirement savings shortfalls.[49]

[45] DWP, Stat-Xplore: Households Below Average Income, 2025
[46] IFS, How did increasing the state pension age from 65 to 66 affect household incomes?, 20 June 2022
[47] IFS, How did increasing the state pension age from 65 to 66 affect household incomes?, 20 June 2022
[48] IFS, How did increasing the state pension age from 65 to 66 affect household incomes?, 20 June 2022
[49] Standard Life Centre for the Future of Retirement, Tomorrow's problem? Analysing the future impact of DC pension undersaving, 3 October 2024

Difficult decisions about how and when to use private pension savings

People in their 50s and 60s today are increasingly likely to have a Defined Contribution (DC) pension which may be an important part of their future income in retirement. Around four in ten 55-64-year-olds (43%) have only a DC pension (and a further 17% have both a DC pension and a Defined Benefit pension).[50] People are currently able to start accessing their DC pension savings from the age of 55, although this will rise to 57 in 2028.

With a higher State Pension age, those with DC pension wealth face difficult decisions about how and when to use these savings. Should they spend their savings to 'bridge' the gap between leaving work and reaching State Pension age, or does this risk their financial security later in life? These decisions may be particularly challenging for those who find themselves out of work prior to reaching State Pension age.

There is less existing research on how people access (decumulate) DC private pension savings prior to State Pension age, partly because ten years ago fewer people in this age group had a DC pension. However, in the future many more people will reach 57 with substantial DC pension savings, and will have to make decisions about how and when to use them. Early in 2026, we will be publishing new qualitative research exploring how people feel about making decisions to access their DC pension savings.

Fiscal savings – but at a cost

Raising the State Pension age results in significant fiscal savings. The Office for Budget Responsibility (OBR) estimates that the State Pension age rise from 66 to 67 will reduce public spending by around £10 billion in 2029-30.[51]

From a purely fiscal perspective, raising the State Pension age may look like an attractive option. However, it comes at a cost when we consider the impact on equity. As described above, pre-retirement poverty has already increased for people aged 60-65, and a higher State Pension age risks prolonging this period of poverty in people's lives. Poverty and financial insecurity also have a cost for the state and economy, with higher spending on social security and lower overall economic activity.

In addition, people living in poverty, in poor health and in socioeconomically deprived parts of the country have lower life expectancy and therefore on average will receive the State Pension for fewer years of their life (if at all). In contrast, people with higher income and wealth and living in more affluent parts of the country have higher life expectancy on average, and as a result more of this group will continue receiving the State Pension into their 80s and 90s. Relying exclusively on raising the State Pension age to manage the fiscal cost of the State Pension would risk making this disparity seem increasingly unfair.

[50] IFS, Individuals' challenges managing pensions through retirement, 1 April 2025
[51] OBR, Economic and fiscal outlook – March 2025, 26 March 2025

What principles should guide future changes to the State Pension and the State Pension age?

Based on our research and previous reports, we have developed a set of principles which we think should guide future changes to the State Pension and the State Pension age.[52]

Communication and engagement

- The government should re-commit to the principle of providing at least ten years' notice of changes to the State Pension age, to ensure people have time to prepare and plan their retirement finances and their decisions about how long to work for and when to retire.[53]
- There should be more frequent, varied and engaging communications with the public about the State Pension throughout the life course. This would help to address current low levels of understanding about the State Pension system.
- The government should actively inform the public about Pensions Dashboards when they are available so they can understand their State Pension entitlement alongside their private pensions. Pensions Dashboards could also include reminders to check National Insurance contribution records.

Changing the State Pension and State Pension age in the future

- The government should use public deliberation with citizens as an integral part of the policy making process for any potential changes to the State Pension. This would reflect the fact that the State Pension is an intergenerational social contract which is relevant for everyone who lives in the UK over the long term. Deliberative research helps to bring the voices of citizens into the policy making process, particularly on a subject that impacts people's lives significantly, with real trade-offs, and which is one of the largest items of public spending.
- We think that conducting regular reviews of the State Pension age, with opportunities for a wide range of evidence to be considered, is a good model and should continue in the future.
- Because the two pillars (public and private) of our pensions system are interdependent, we believe there should be a statutory requirement for the government to review retirement income adequacy every five years, alongside State Pension age reviews.

The design of the State Pension

- We think the State Pension should continue to be flat-rate and non-means-tested. The majority of participants in our deliberative research were opposed to using means-testing to manage the cost of the State Pension.[54]

[52] Standard Life Centre for the Future of Retirement, An intergenerational contract: Policy recommendations for the future of the state pension, 1 June 2023
[53] DWP, State Pension age Review 2023, 30 March 2023
[54] The Policy Institute at King's College London, The future of the State Pension, May 2023, p. 26

- A universal age of access is simple, easy to understand and easy to communicate, enabling the State Pension to serve its purpose – providing a stable foundation for people's incomes in retirement.

The State Pension age

- Research participants felt that linking the State Pension age and life expectancy was justifiable in the context of rising longevity and the UK's ageing population.
- One way in which participants conceptualised 'fairness' was the idea that future pensioners should enjoy similar treatment to those currently in retirement. On this basis, we think it would be reasonable for the government to re-commit to the principle that "people should spend, on average, up to one third of their adult life drawing a State Pension."[55]
- Participants raised health inequalities and geographical inequalities as significant problems when discussing the State Pension age and life expectancy. Because of these socioeconomic inequalities, we would support the principle recommended in the IFS Pensions Review: "The State Pension age will only rise as longevity at older ages increases, and not by the full amount of that longevity increase."[56]
- Over the long term, relying exclusively on raising the State Pension age to manage the State Pension's fiscal cost would be inequitable: people living in poverty, in poor health and in socioeconomically deprived parts of the country have lower life expectancy and therefore on average will receive the State Pension for fewer years of their life (if at all).

[55] DWP, State Pension age review 2017: final report, 19 July 2017
[56] IFS, The Pensions Review: final recommendations, 2 July 2025

Mitigating the negative effects of a higher State Pension age

As previously outlined, raising the State Pension age has both positive and negative impacts, and there are real trade-offs to be addressed. We think that, as the State Pension age rises to 67 over the next few years, it is important that the government puts in place specific policies to mitigate the negative effects, to ensure that as many people as possible have financial security in their 60s, both before and after State Pension age.

We think that any future rises in the State Pension age should also be accompanied by specific policies to mitigate the negative effects on particular groups in society. These should be clearly set out as part of the government's decision to raise the State Pension age, so that there is time to implement them and support people effectively prior to any change.

Funding for our proposals

Below, we set out a series of proposals which could help to mitigate the negative effects of a higher State Pension age for individuals. We recognise that some of these would require additional funding, and that the public finances are currently under considerable pressure. However, we have previously argued that it is appropriate for the Treasury to use a proportion of the fiscal savings of raising the State Pension to fund specific mitigation policies. Where these policies lead to better outcomes, such as people remaining in good work for longer, they will also generate additional economic activity and tax revenue.

We have previously suggested that an amount equivalent to 20% of the fiscal savings of raising the State Pension age could be invested in mitigation policies – especially to support better, longer working lives. As an example, with the State Pension age rise from 66 to 67 estimated to save the Exchequer around £10 billion per year, this would provide £2 billion to fund some of the policies we suggest below.[57] Without these types of mitigation policies, there is a risk that future State Pension age rises could exacerbate pre-retirement poverty, negatively impact more people, and create a perception of unfairness, further eroding overall trust in and support for the State Pension system as a whole.

How can we help people to work for longer?

For many people, working for longer would increase their financial security by providing higher income from earnings in their 50s and 60s and enabling them to continue saving more for their retirement. 60-65-year-olds out of work are more than twice as likely as those in work to experience income poverty.[58] Supporting employment opportunities for those who want to work for longer could be a route

[57] OBR, Economic and fiscal outlook – March 2025, 26 March 2025
[58] The Fabian Society, When I'm 64: A strategy to tackle poverty before State Pension age, 17 April 2024

to increasing financial security both before and after retirement, and so we think this should be the top priority for mitigating the negative impacts of a higher State Pension age.

It is important to recognise this description applies to the majority of the population, but not everyone. Some people in households with significant wealth are able to retire before State Pension age with financial security. Others are unable to work due to factors such as ill health or disability. But creating the conditions for longer working lives would help a significant number of people to be more financially secure on their journey to and through retirement.

As set out above, a higher State Pension age has already led to higher employment among people in their 50s and 60s. However, there are several reasons to think that there is potential to increase employment among this age group further:

- First, the proportion of people in paid employment falls significantly from age 55 onwards. 80% of people are in employment at age 54, compared to 59% at age 61.[59] This fall of 21 percentage points occurs well before the State Pension age, and most people would likely benefit from continuing to earn and save.
- Second, looking internationally, other countries have higher employment rates among the 55-64 age group compared to the UK.[60] These countries include Japan, Sweden, New Zealand, Germany, the Netherlands and Switzerland.[61] This international comparison suggests there is scope to extend working life for many.
- Third, more people say they think they could work for longer in the future. In our 2025 survey, we asked people whether they thought they could do their job or one like it at age 60 and at age 70. The results show that 80% of people in the UK say they could do their job or one like it by the time they are 60, and 49% by the time they are 70.[62] This indicates people are potentially open to the idea of longer working lives.

Just because people are able or need to work for longer does not mean that they are in work that is good for their finances or wellbeing. We currently have a retirement expectation gap of five years in the UK – people on average say they would like to retire at 62, but feel they will only be able to retire at 67.[63] This gap is larger for renters, those with lower pension savings, and those feeling less financially secure. Any policy changes in this area must support better quality work for these groups, with more choice and flexibility, so that people feel able to work for longer with higher job satisfaction.

[59] DWP, Economic labour market status of individuals aged 50 and over, trends over time: September 2025, 30 September 2025
[60] Centre for Ageing Better, The State of Ageing 2025: Work, 24 March 2025
[61] OECD, Employment rate data, 2025
[62] Standard Life Centre for the Future of Retirement, Retirement Voice 2025, 7 October 2025
[63] Standard Life Centre for the Future of Retirement, Retirement Voice 2025, 7 October 2025

Introduce a cross-departmental strategy for 50+ workers and outcome targets to strengthen policy focus

The government's "number one mission" is economic growth, and it has also set a long-term target of an 80% working-age employment rate.[64,65] Increasing the employment rate among people in their 50s and 60s would support both ambitions.

Our own research shows that over 50s are a crucial part of the UK's workforce, including in high-growth sectors. Of the 11.1 million people working in the eight Industrial Strategy sectors, 3.4 million are aged over 50, and 450,000 are aged over 65.[66] Every Industrial Strategy sector sees higher rates of early retirement than the national average, resulting in an estimated £31 billion of output lost each year as a result of over 50s leaving the Industrial Strategy workforce.[67] This includes £15.5 billion due to early retirement and £3.6 billion due to health-related factors.[68]

To strengthen policy focus on the challenges and opportunities for workers in their 50s and 60s, we recommend that the government should:

- Create a cross-departmental strategy for 50+ workers, recognising the unique challenges and opportunities for this diverse demographic group and covering areas of policy and practice including recruitment, retention, training and health (issues which cut across departments' areas of focus including DWP, DBT, DHSC and HMT, as well as devolved administrations and Strategic/Combined Authorities in England).
- Adopt specific outcome targets for the employment rates of the 50-59 and 60-66 age groups. The Centre for Ageing Better has recommended setting employment rate targets of 80% for 50-59-year-olds and 55% for 60-66-year-olds.[69] Although outcome targets are not always necessary, they can help strengthen policy focus. Boosting employment among people in their 50s and 60s is necessary to help achieve the government's existing Get Britain Working objectives.[70]

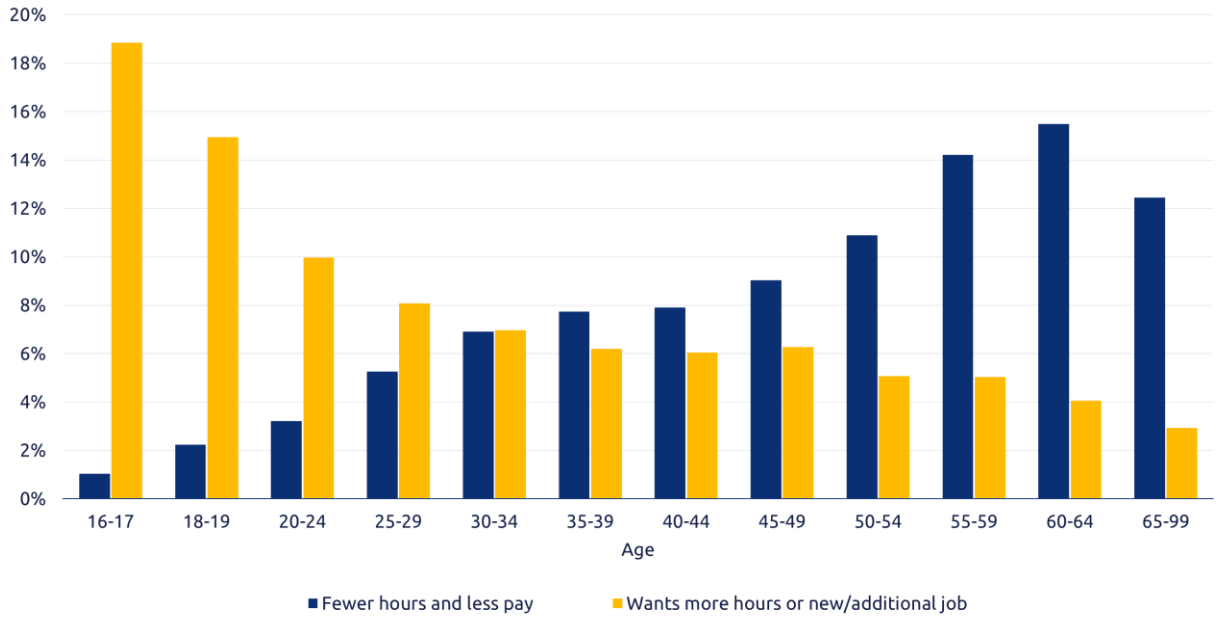
Promoting flexible working and part-time working

Both flexible working and part-time working can benefit people of all ages, but they are particularly important for people in their 50s and 60s. This is for a range of reasons, including both personal circumstances (such as health or caring responsibilities) and some people's preference for gradually reducing working hours before retiring. For example, longitudinal analysis using Understanding Society data suggests that only around 30% of new retirees were full-time employees

[64] HM Government, Plan for Change: Milestones for mission-led government, 5 December 2024
[65] DWP, Get Britain Working White Paper, 26 November 2024
[66] Standard Life Centre for the Future of Retirement, Counting on Experience: The demographics of the Industrial Strategy workforce, 19 June 2025
[67] Standard Life Centre for the Future of Retirement, Counting on Experience: The demographics of the Industrial Strategy workforce, 19 June 2025, p. 21
[68] Standard Life Centre for the Future of Retirement, Counting on Experience: The demographics of the Industrial Strategy workforce, 19 June 2025, p. 21
[69] Centre for Ageing Better, Latest Labour Market stats show government needs to show greater ambitions for older workers, 15 April 2025
[70] DWP, Get Britain Working outcomes, 3 April 2025

immediately prior to retiring.[71] This is also increasingly what people expect: four in ten people (44%) expect retirement in the future to be a period of transition where people reduce the amount of time they spend working, rather than a 'hard stop' where people stop working completely.[72] Survey data also suggests that from around age 50 onwards, people are increasingly likely to say they would prefer to work for fewer hours, even if this means they are paid less overall.[73]

Figure 12: Desired hours of work, by age group: UK, 2023-24[74]



Other surveys have also suggested that people in their 50s and 60s would be more likely to work for longer if they could work part-time or for fewer hours. For some – though not all – this may be a financial possibility if, for example, they own their home outright or have other reductions in household expenses by this stage of their life.[75] The Standard Life Centre for the Future of Retirement has partnered with Timewise to create a podcast, *Part-time Works*, to explore, understand and celebrate good part-time working.[76]

To promote flexible working and part-time working, we recommend that:

- The government should aim to make all forms of flexible working the norm and reduce the number of reasons a business can refuse a request, including by engaging with all stakeholders through the upcoming consultation regarding flexible working expected in early 2026.

[71] Pensions Policy Institute, How effectively does the current UK pension system support positive later life outcomes?, November 2024
[72] Standard Life Centre for the Future of Retirement, Changing Journeys: How we save, work and retire, 20 November 2024
[73] Standard Life Centre for the Future of Retirement, Changing Journeys: How we save, work and retire, 20 November 2024, p. 29
[74] Standard Life Centre for the Future of Retirement, Changing Journeys: How we save, work and retire, 20 November 2024, p. 29
[75] Demos, The Platinum Pound: Boosting employment among older workers, 13 September 2023
[76] Timewise, Part-time Works podcast, 2025

- The government should explore how to ensure employers, particularly SMEs, have access to HR support/guidance to help them design good quality part-time and flexible jobs.
- Employers should actively adopt and sign the Age-friendly Employer Pledge, a nationwide programme for UK employers who are committed to improving work for people in their 50s and 60s (and beyond).[77]
- Employers should promote the availability and range of flexible work options, both to existing employees and throughout recruitment processes, including increasing the proportion of job adverts which mention part-time working.[78]

Providing support to unpaid carers

Across the life course, women are most likely to be unpaid carers aged 55-59 and men are most likely to be unpaid carers aged 60-64.[79] On average, unpaid carers have lower financial security: for example, our analysis suggests that 47% of unpaid carers aged 60-65 have no private pension savings.[80]

We have partnered with the Oxford Institute of Population Ageing to explore the employment of unpaid carers aged 50+ in greater depth (forthcoming research). Results from the first stage of the research show that, among people aged 50+, those providing unpaid care for 20 hours or more per week consistently report lower employment rates, fewer working hours, reduced monthly income, and lower levels of financial wellbeing, in comparison to non-carers. Providing support to unpaid carers to enable them to balance work and caring responsibilities is important to help people in their 50s and 60s to extend their working lives.

For government and employers, there are two related priorities. The first is to provide support to unpaid carers in work, to prevent them having to leave work due to caring. The second is to provide support to unpaid carers to help them return to work. Carers Trust, Phoenix Group, the Standard Life Centre for the Future of Retirement and Cambridge Econometrics recently collaborated to produce a research report which found that the opportunity cost of unpaid carers being out of the workforce is between £5.4 billion and £16.9 billion per year.[81]

To enable unpaid carers in their 50s and 60s to work for as long as they want or need to, we recommend that:

- The government should make five days of paid Carer's Leave a statutory right, with the ambition that this should increase to 10 days.
- DWP, the devolved administrations and Strategic/Combined Authorities in England should ensure that employment support is tailored to support unpaid carers, including by partnering with local carer organisations.

[77] Centre for Ageing Better, Age-friendly Employer Pledge, 2025
[78] Phoenix Group, The Flexible After Fifty report calls for greater flexible working support for people over age 50 to be more active in the workforce, 15 February 2024
[79] ONS, Unpaid care by age, sex and deprivation, England and Wales: Census 2021, 13 February 2023
[80] Standard Life Centre for the Future of Retirement, Changing Journeys: How we save, work and retire, 20 November 2024, p. 10
[81] Cambridge Econometrics, The hidden cost of unpaid care: The economic price of locking carers out of work, October 2025

- Employers should offer flexible working arrangements which support working carers to balance work and caring responsibilities.[82]

Expanding and improving careers advice and employment support to extend our working lives

In a world of fast-moving technological and economic change, many people will need to change roles, industries and careers over the course of their working life. A third of 45-54 year olds say that they expect to change their career before they retire, but awareness of careers advice/guidance services is low.[83] Employment support programmes are also crucial in providing support for people who are out of work, but on average outcomes are significantly worse for people in their 50s and 60s compared to younger age groups.

We think that expanding access to careers advice/guidance has significant potential to help more people make successful job and career transitions, which in turn can help people to have longer working lives. In public engagement research – designed to give people the time, space and information to reimagine how we can live our longer lives well – one of the five priorities which members of the public identified was 'free independent career advice at any age'.[84]

Alongside a range of partners, we run the Careers can change campaign, which aims to inspire people to see that careers can change successfully.[85] In our research, we have explored the economic value of providing careers advice/guidance to adults. For example, careers advice/guidance could help better match people's skills and people's jobs: closing the UK's skills mismatch gap with France by 20% could boost annual GDP by £15 billion.[86]

In other research we commissioned, we also found that there is a significant 'employment advice gap' – that is, the gap between the number of people who want to access employment-related advice, and the number of people who actually do so through one of our main public services. Among the working-age population, one in three (36%) want to access careers/employment advice, but only one in seven (13%) have used a public service to get advice in the last two years. This is equivalent to up to 9.7 million people missing out on careers advice or employment support.[87]

In our previous reports we have explored how to expand and improve both careers advice and employment support, especially for people in their 50s and 60s. **We have made a number of recommendations relating to the redesigned Jobs and Careers Service:**

[82] Phoenix Group, Two in five working carers would not have a job without flexible working, 2 June 2025
[83] Standard Life Centre for the Future of Retirement, Careers advice for longer lives, 1 May 2023
[84] Standard Life Centre for the Future of Retirement, Public Engagement in Longer Lives, 1 August 2022
[85] Careers can change, 2025
[86] Standard Life Centre for the Future of Retirement, Work in Progress: Unlocking the value of adult careers guidance, 27 February 2025
[87] Demos, Open Door Policy: Why the new government should introduce an Employment Advice Guarantee, 9 July 2024

- Introduce an Employment Advice Guarantee for the new Jobs and Careers Service. The Guarantee should give all adults in England the opportunity to access advice related to work, their job or their career. This would be a simple way of communicating the change announced in the Get Britain Working White Paper that the Jobs and Careers Service will be a "genuine public employment service".[88]
- Create a 'digital front door' to the Jobs and Careers Service. A 'digital front door' was the most popular option with members of the public in a large-scale survey and qualitative workshops.[89] Overall, participants felt a digital service is inclusive and accessible for most people. This service should offer people the option to speak to an adviser (by video call, telephone or webchat) alongside digital guides, resources and videos, as well as helping people find other advice/support options in their local area. DWP is currently targeting 2027-28 for a digital service with the working name of 'Jobcentre in your pocket'.[90] We would encourage DWP to adopt a 'test and learn' approach, which could mean, for example, launching an early version of the website/app and gradually scaling up over time. User testing should be conducted with people of all ages including people in their 50s and 60s.[91]
- Prioritise funding specifically for careers advice/guidance within the Jobs and Careers Service. The Work and Pensions Committee has noted the risk that careers advice/guidance could be "swallowed up within the larger Jobcentre service given the size of the Jobcentre workforce (around 17,000 work coaches), compared to the National Careers Service (around 1,000 advisers)."[92]
- Invest in the workforce of the Jobs and Careers Service, including qualified career advice/guidance professionals. We were pleased to see the government's recent commitments to "preserving the distinct roles of careers advisers", "retain[ing] the qualification standards currently delivered within the National Careers Service" and "exploring the development of a dedicated training pathway for careers advisers".[93]
- Proactively target people who would benefit from careers advice/guidance – for example, people facing redundancy or workers in declining occupations/industries.
- Deliver the Jobs and Careers Service within a local context, ensuring there is sufficient flexibility for frontline staff and managers to be able to collaborate effectively with devolved administrations, Combined/Strategic Authorities, local authorities, employers and others.
- Track and publish outcomes data for the Jobs and Careers Service, including outcomes for people in their 50s and 60s compared to other age groups.

[88] DWP, Get Britain Working White Paper, 26 November 2024
[89] Demos, Open Door Policy: Why the new government should introduce an Employment Advice Guarantee, 9 July 2024
[90] House of Commons Work and Pensions Committee, Get Britain Working: Creating a new jobs and careers service, 11 September 2025
[91] Centre for Ageing Better, Improving employment support for over 50s in Greater Manchester, January 2022
[92] House of Commons Work and Pensions Committee, Get Britain Working: Creating a new jobs and careers service, 11 September 2025
[93] House of Commons Work and Pensions Committee, Get Britain Working: Creating a new jobs and careers service: Government response to the Committee's Fifth Report, 14 November 2025

A rising State Pension age makes it increasingly important to ensure that **employment support is more effective for people in their 50s and 60s**. Currently, employment support outcomes are often worse for people in their 50s and 60s compared to younger age groups. Aspects the government should consider include:

- Supporting people as early as possible – ideally before leaving work, and as soon after leaving as possible, because people in their 50s and 60s who are out of work for an extended period find it particularly difficult to return[94]
- Tracking satisfaction and outcome data by age group, to assess and improve the performance of different initiatives and programmes for people in their 50s and 60s[95]
- Tailoring initiatives and programmes for people in their 50s and 60s, recognising that people in this age group may have different support needs compared to younger age groups
- Investing in age-specific initiatives/programmes where these are needed to address barriers people may face such as ageism or health-related issues[96]

There are specific examples of programmes which central government, the devolved administrations, Strategic/Combined Authorities and local authorities can learn from:

- The Centre for Ageing Better has supported several pilot employment support projects for people aged 50+[97]
- An assessment of Sector-based Work Academy Programmes estimated that the additional employment impact two years later was higher for participants aged 50+ compared to younger age groups – a success which we should explore further to learn from[98]
- The Standard Life Centre for the Future of Retirement commissioned the Warwick Institute for Employment Research to examine active labour market policies for people aged 50+ internationally (forthcoming research). This included international case studies of programmes for people aged 50+:
  - In **Switzerland**, a programme called **Supported employment for over 50s** ran from 2021 to 2025. The programme consists of six-month individualised job search support for long-term unemployed people aged 50+, with continued support available after someone starts a job. As of the end of 2024 (that is, 3.5 years into the pilot), of the 1500 participants taking part in the programme, 51% found a regular job within six months. Person-centred and tailored support is seen as a key driver to success.
  - In **Germany**, a programme called **Perspektive 50plus** supported long-term unemployed people aged 50+, and ran in three phases from 2005 to 2015.

[94] Demos, The Earlier the Better: Raising awareness of employment support for disabled people and people with health conditions, 4 October 2024
[95] Centre for Ageing Better, The UK is "headed in the wrong direction" for older workers with ill-health, 6 March 2025
[96] Centre for Ageing Better, The UK is "headed in the wrong direction" for older workers with ill-health, 6 March 2025
[97] Centre for Ageing Better, Unemployment and employment support, 2025
[98] DWP, Sector-based Work Academy Programme: A Quantitative Impact Assessment, 26 February 2025

Through the programme, German Jobcentre staff supported jobseekers with personalised support, partnered with employers, and, in some instances, provided wage subsidies to employers. A study by Knuth (2014) concluded that Perspektive 50plus was "more innovative and cost efficient" than other mainstream programmes.[99] Bookman and Brandle (2015) found substantial positive effects from a study of regional variations in participation levels, identifying a 5-10 percentage points increase in unsubsidised employment.[100]

Expanding access to lifelong learning, training and skills development for people in their 50s and 60s

Traditionally learning, training and skills policy has tended to focus on young people and those in the early stages of their careers. But in the context of an ageing population and longer working lives, lifelong access to learning is becoming increasingly important. However, people in their 50s and 60s are less likely to access learning, training and skills development compared to other age groups.[101]

Research which we commissioned, conducted by Learning and Work Institute, found causal evidence that participating in learning/training raises an individual's likelihood of being in employment.[102] After two years, 4% more of the adults who accessed learning or training were in work, compared to those who did not. This is one of the first research studies in the UK to find evidence of this causal link.[103]

The government's recent decision to move adult skills policy and funding from the Department for Education to DWP provides an opportunity to better integrate employment support, careers advice and adult skills. Strategic/Combined Authorities with responsibility for adult skills funding also have an important role. We would encourage both DWP and Strategic/Combined Authorities to actively consider people in their 50s and 60s when making policy and commissioning decisions regarding adult skills, in order to expand access to lifelong learning.

How can we help people to save more for retirement?

It is inevitable that a certain proportion of people will need to retire before reaching State Pension age – for example due to ill health, disability, caring responsibilities or job loss. Where possible, this group will have greater financial security if they have built up savings, which they may be able to use to 'bridge' between leaving paid work and reaching State Pension age. Helping people to save more can boost people's financial resilience both before and after reaching State Pension age.

[99] Kunth, M., Broken hierarchies, quasi-markets and supported networks – a governance experiment in the second tier of Germany's public employment service, Social Policy and Administration, 48(2), 240-261, 2014
[100] Boockmann, B. and Brandle, T., Coaching, Counselling, Case-Working: Do They Help the Older Unemployed Out of Benefit Receipt and Back into the Labor Market?, IZA discussion paper No 8811, 2015
[101] Learning and Work Institute, Adult Participation in Learning Survey 2024, 4 November 2024
[102] Standard Life Centre for the Future of Retirement, New research is one of the first studies to show that lifelong learning boosts employment, 28 May 2025
[103] Standard Life Centre for the Future of Retirement, New research is one of the first studies to show that lifelong learning boosts employment, 28 May 2025

Despite the success of Automatic Enrolment, many people are not saving enough for financial security in retirement.[104] Participants in our deliberative research tended to agree that the State Pension alone was not adequate to live on comfortably in retirement and that a workplace/private pension was required to supplement it.[105]

The new Pensions Commission is currently considering how to improve adequacy in the medium and long term. There are also steps which government, employers and pension providers can take in the shorter term:

- The government, employers and pension providers can encourage individuals to engage with their pensions and retirement planning.
- The government should provide details of the reforms in the Pension Schemes Bill as soon as possible to support implementation so that savers can enjoy the benefit of scale and receive value for money.
- Employers can offer options to adjust Automatic Enrolment contributions, for example salary sacrifice, auto-escalation or side-car products (new research on this topic will be published by the Standard Life Centre for the Future of Retirement in 2026).
- The government should aim to launch Pensions Dashboards as soon as practicable, and actively inform the public about them when they are launched, so that people can get a holistic view of their pension savings. Pensions Dashboards could also include reminders to check National Insurance contribution records, relevant for the State Pension.

How can we help people to make good decumulation decisions?

Due to the gradual change from Defined Benefit to Defined Contribution (DC) pensions, over time more people will be approaching retirement with a DC pension pot which they may choose to access in the 10 years before they reach State Pension age. One possible negative effect of a higher State Pension age is that people may choose to use a greater proportion of their private pension savings in the decade prior to State Pension age, potentially risking their financial security later in life. The normal minimum pension age is currently 55, but will rise to 57 in 2028, which will be ten years prior to the new State Pension age of 67. For some people, using their private pension savings to 'bridge' the gap between leaving work and reaching State Pension age may be a sensible decision, but for others it may not be.

In combination, a higher State Pension age and people having more wealth in DC pensions mean that people's decisions about how to access (decumulate) their pension savings will be more consequential than for previous generations. Responsibility for making decisions and the accompanying risks are now borne primarily by the individual. As described above, the UK also has a large and growing number of people in their 60s, so their individual decisions will have a sizable impact on the wider economy. In this context, we think that providing support to people to

[104] Standard Life Centre for the Future of Retirement, Tomorrow's problem? Analysing the future impact of DC pension undersaving, 3 October 2024
[105] Standard Life Centre for the Future of Retirement, An intergenerational contract: Policy recommendations for the future of the state pension, 1 June 2023

help them make good decumulation decisions in their specific circumstances is important.

How and when people decide to decumulate private pension savings is an ongoing topic of research for us at the Standard Life Centre for the Future of Retirement. So far, we have:

- Explored consumer attitudes towards Targeted Support, a new way that the Financial Conduct Authority (FCA) is going to allow firms to support consumers. Our Consumer Advisory Panel of 30 people participated in a three-stage deliberative journey, culminating in an in-person deliberative event in May 2025.[106] Our panel supported the opportunity for Targeted Support to provide more relevant help with pension decumulation decisions. People liked the idea of being directed to relevant information and options, and the weeding out of content that isn't relevant for them. However, we also found that our panel lacked trust in the industry to always act in consumers' best interests, and that they were concerned about the potential impact of variability in consumer experiences of Targeted Support, particularly if people receive different or conflicting suggestions from different providers. In our report, we included recommendations for providers to help design and implement Targeted Support in ways that are genuinely customer-centric.[107]
- Explored what it feels like to make decumulation decisions for today's 'DC pension pioneers' (forthcoming research to be published in early 2026). This qualitative research reveals that people's decumulation decision-making is complex and affected by a wide variety of factors; emotional factors are often as or more important than purely financial logic. People often seek guidance/support from family members or friends, which may be sensible for some people, but is not a good solution for everyone. People partly rely on friends and family because they do not trust other sources of guidance/support, and because there is a lack of affordable and reliable alternatives.

There are also existing services which can provide guidance/support to people when first accessing their private pension savings, such as Pension Wise (part of the Money and Pensions Service). As people's decisions regarding their DC pensions become more important, the government should invest more in promoting the use of services including MoneyHelper and Pension Wise.

How can the social security system help to reduce pre-retirement poverty?

As noted above, a higher State Pension age has led to higher pre-retirement poverty among people aged 60 to 65. Given this context, DWP could explore providing additional means-tested financial support to some groups of people one year prior to State Pension age via the Universal Credit system.[108] This would recognise that only a small proportion of people who are out of work at age 65/66 are able to move back

[106] Standard Life Centre for the Future of Retirement, Better help, better outcomes? Consumer perspectives on the FCA's proposals for Targeted Support, 9 July 2025
[107] Standard Life Centre for the Future of Retirement, Better help, better outcomes? Consumer perspectives on the FCA's proposals for Targeted Support, 9 July 2025
[108] Standard Life Centre for the Future of Retirement, An intergenerational contract: Policy recommendations for the future of the state pension, 1 June 2023

into employment, and could provide some additional financial support for people who are unable to work at this age (for example, due to ill health or disability). The IFS Pensions Review recommended a similar policy.[109]

A rising State Pension age will also have an impact on the number of people receiving working-age benefits. Many people between 65 and State Pension age will be displaced to other working-age benefits if they cannot work or have a long-term health condition or caring responsibility. These numbers will increase as the State Pension age rises. Some benefits such as Personal Independence Payment (PIP) can only be initially claimed below State Pension age but have elements which continue beyond it.[110] As eligibility for PIP is correlated with age, more people aged 65 and 66 may claim it, who previously would have received the State Pension. This could strengthen the case for adapting how the Universal Credit system supports people around this age.

[109] IFS, The Pensions Review: final recommendations, 2 July 2025
[110] Citizens Advice, Getting PIP after you've reached State Pension age, 2025

Conclusion

> ***"It must come sometimes to 'jam to-day'," Alice objected.***
> ***"No, it can't," said the Queen. "It's jam every other day; to-day isn't any other day, you know."***
> ***"I don't understand you," said Alice. "It's dreadfully confusing!"***

From 1948 to 2010, despite rising life expectancy, the State Pension ages remained constant. Since 2010, the State Pension age (in phased changes) has risen in more years than it has stayed the same. By 2028 we will have seen increases to 67 for both women and men. Will this prove to be a sharp period of correction, or the beginning of an ongoing trend?

For many people, as Alice says, *"It's dreadfully confusing!"* There is widespread misunderstanding about what the current State Pension age is, and what changes will happen by the end of this decade. Among Generation X, less than half think the State Pension will be available to everyone reaching State Pension age, and only one in five believe the triple lock will still be in place when they themselves retire. They will be part of the growing number of people in their 60s whose decisions about work, saving and retirement will have a profound impact on their own lives, and the state of the UK economy and public finances.

Through our deliberative research with the public, we know that many people accept the principle of a higher State Pension age if and when long-term life expectancy increases. They see this as a way of preserving something that matters to them: a State Pension which serves as the foundation of people's incomes in retirement, and which protects people from falling into poverty in old age.

But these changes need to be made in a way that is seen to be fair to all generations. We believe that to cement our intergenerational contract, people need to have some certainty through clear communications and better support about when changes are coming and how to weather them. This matters particularly in an era when more people are entering retirement with Defined Contribution pensions, bearing the responsibility of making their own choices about how to use their pension savings. They also need support to find and stay in work that meets their needs in their 60s, to remain financially resilient and enter retirement with more choice and control.

In addition, we need mitigations for those who will be most negatively impacted by a higher State Pension age – those facing barriers to work in their 60s, in poor health and with caring responsibilities, who are most likely to experience pre-retirement poverty.

A rising State Pension age brings considerable savings to the public finances. By using the equivalent of a proportion of these savings to fund the changes needed in this new era of a higher State Pension age, we can boost economic activity, mitigate the negative effects, and build public confidence that the State Pension is a fair system for today and for tomorrow.

Standard Life Centre
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