

## Financial Fatigue: Over 24 million adults in the UK are financially ‘disengaged’

- 2.4 million were previously financially engaged before changing their behaviour
- But past periods of financial uncertainty were the number one driver for people to become financially engaged (27%), meaning a boost in engagement might be on the horizon
- Pre-retirees (those aged 55+ who are still in work) are more financially engaged than other age groups – but many aren’t doing essential retirement prep like reviewing their pensions

More than 24.5 million people (46%) are financially disengaged, according to new research<sup>1</sup> from Legal & General Retail.

The study also shows that one in 20 adults - the equivalent of 2.4 million<sup>2</sup> people - were previously financially engaged before changing their behaviour. Key reasons for this change include feeling financially secure enough to be less diligent with managing their money (20%), or because other areas of their life have become busier (18%). However, almost a fifth (17%) couldn’t state a reason.

But previous periods of financial uncertainty, such as recessions, were stated as the key driver for people to become financially engaged (27%), so the current cost-of-living crisis could mean people keep a closer eye on their money.

Almost two thirds of respondents (62%) said they regularly check their household budget and their spending, while 73% shop around for the best deal, or use discount codes and vouchers (64%).

### Pre-retirement preparation

On average, pre-retirees (those aged 55+ who are still in work) are more financially engaged than the rest of the population (62% compared to the UK average of 54%). But many are still inactive when it comes to their retirement planning, suggesting people might not know where to start.

More than a third (34%) do not currently check their workplace pension while 28% do not currently review their personal pension. Separate research<sup>3</sup> from the provider shows one in five people still reach midlife without having engaged with their retirement at all.

### Katharine Photiou, Managing Director of Workplace Savings at Legal & General comments:

**“Taking small steps to improve your money habits can have a huge impact on your life. It can also help you feel more in control of your financial situation. Against a landscape of rising costs and record levels of inflation, it can be easy to bury your head in the sand. However, as our research shows, periods of financial difficulty can be one of the leading reasons people take charge of their finances.**

**“While it’s positive that pre-retirees, in particular, are more financially engaged than the average person, it is concerning that they aren’t engaging in vital steps to prepare for retirement, such as checking their pension. This is the first step of the decumulation process, so many people are leaving themselves at risk of not knowing their full financial picture or how to actively manage their retirement finances when they get there. To help equip people to make the best**

choices for their future, Legal & General has developed a free [Midlife MOT](#) course to give people the knowledge and tools to approach later life with confidence.”

For those approaching retirement, the following points might help people feel more in control of their finances:

**Make use of free support services** – we know that 52% of UK adults haven’t taken advantage of the free financial guidance that’s currently available to all, including services like [Money Helper](#). Taking small steps like this can play an important role in planning for the future from a place of knowledge.

**Be aware of the bigger picture** - make sure you have a full understanding of all your assets, whether this is via tools, retirement [planning courses](#), research, guidance, or – where appropriate – financial advice. Taking stock of what you have saved overall and using a [pension tracing service](#) to understand your total savings will help make retirement planning easier.

**Engage with your pension early...** it is crucial that people engage with their pensions early and make decisions from a place of knowledge. For too many people, retirement can feel like something that simply shows up, rather than something they build towards. But if people can access the right [tools](#) and support earlier in life, they will feel more confident in making decisions, which will increase engagement and pay off in the long-term.

**...but it’s never too late to save** – if you are reaching retirement age and worry you do not have enough in your pension pot, it’s not too late to save. Even just **£50** per month from age 55 could mean an additional **£11,700** by the time you reach state pension age at 67<sup>4</sup>.

**-ENDS-**

<sup>1</sup> Research was carried out online by Opinium Research amongst 4,000 UK adults aged 18+ between the 14th-20th October 2022. 1,856 participants indicated that they were financially disengaged in the survey. 1856/4000=46% which equates to 24,541,000 UK adults

<sup>2</sup> 181 participants indicated that they were financially disengaged in the survey. 181/4000=5% which equates to 2,390,000 UK adults

<sup>3</sup>Opinium survey of 4,009 UK adults aged between 40 and 60 years old in the UK was conducted between the 28<sup>th</sup> December and 6<sup>th</sup> January 2021

<sup>4</sup>Assumptions: Contributions increase by 3.5% each year, investment return of 5% each year net of all costs/charges.

Note: Allowing for inflation of 2.5% each year this £11,700 would be worth £8,700 in today’s money terms.

**Full list of regular financial behaviours**

Regularly check/update a household budget
Regularly review bank statements or online banking to check spending
Regularly contribute to emergency/ 'rainy day' savings
Regularly contribute to savings for a specific goal (e.g., holiday, housing deposit, retirement etc.)
Regularly contribute to workplace savings scheme
Regularly contribute to a pension
Regularly make at least minimum payments on any debts (excluding mortgage debt)
Regularly pay off essential bills and outgoings in full
Look for discounts or deals as part of my essential spending
Shop around across multiple retailers for any purchases, e.g., using a comparison site
Use coupons/discount codes to save money

## Full list of occasional financial behaviours

Review my workplace pension
Review my personal pension
Shop around for cheaper insurance renewals
Shop around for cheaper bills
Shop around to see if you can get a better interest rate on your accounts (e.g., savings accounts, credit cards)
Check credit report
Review and/or cancel any unused subscriptions or services

The definition for currently financially engaged is: “For all those who could be considered financially engaged (e.g., take part in at least HALF OF THE regular financial behaviours and take part in at least HALF OF THE occasional financial behaviours)”

The definitions for previously financially engaged is: “For all those who used to be considered financially engaged (e.g. take part in at least HALF OF THE regular financial behaviours and take part in at least HALF OF THE occasional financial behaviours) but aren’t currently”

## Notes to editors

### About Legal & General

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with over £1.4 trillion in total assets under management\* of which a third is international. We also provide powerful asset origination capabilities. Together, these underpin our leading retirement and protection solutions: we are a leading international player in pension risk transfer, in UK and US life insurance, and in UK workplace pensions and retirement income. Through inclusive capitalism, we aim to build a better society by investing in long-term assets that benefit everyone.

\* at 31<sup>st</sup> December 2021

### About Legal & General Retail

As of 1<sup>st</sup> January 2022, Legal & General Retail Retirement and Legal & General Insurance (our two retail businesses) have been combined into one division, Legal & General Retail, to enable us to better serve the needs of our retail customers.

Legal & General Retail helps protect the lives and futures of our customers; the division covers the savings, protection and retirement needs of our c12 million retail policyholders and workplace members. In 2021, we wrote £957 million of annuity premiums, and issued £848 million of Lifetime Mortgages and Retirement Interest Only Mortgages. Our Workplace pension platform served 4.4 million members, while in the UK we paid out a total of £1,133.8 million in insurance claims.

## Further information

Name: Cordelia Jacob  
Company: Lansons  
Tel: + 44 7870397542  
Email: [cordeliaj@lansons.com](mailto:cordeliaj@lansons.com)

Kia McLean  
PR Manager  
[Kia.mclean@landg.com](mailto:Kia.mclean@landg.com)