



L&G convenes new effort to combat under-saving, as research shows midlifers least engaged with their pensions

- 5 million midlifers not on track for an adequate retirement, with part time workers, renters and those who've taken a career break most at risk
- Caught between the end of DB pensions and introduction of auto enrolment, expectations and engagement in pension saving are lower than for any other age group
- L&G modelling highlights that it's not too late for midlifers to improve retirement prospects, as it launches new programme aimed at improving long-term financial wellbeing

L&G today publishes new landmark research¹ revealing a mounting retirement challenge for millions of UK workers, particularly those currently in midlife (40-54 years).

The L&G commissioned study, conducted by [Public First](#), draws on insight from more than 8,000 people, and finds that around 9 million UK people aged 25 to 54 are not currently on track for an adequate retirement, taking account of basic needs, current income, and housing costs. Of these, 5 million are aged between 40-54 years.

The study is part of Decades Ahead, a new multi-year programme from L&G, aimed at improving the UK's financial wellbeing and security. The research report "*Building financial wellbeing across a lifetime*" seeks to deepen understanding of the factors likely to drive pension inadequacy, inform targeted interventions to strengthen saving, and highlight structural challenges and policy opportunities.

It also introduces a new measure of retirement adequacy, Minimum, Replacement, Rent (MRR), which assesses whether future retirement income meets a minimum standard of living, replaces a proportion of pre-retirement earnings, and covers housing costs for renters.

¹Public First conducted a major survey of 8,008 working age adults (18-69) between 11th October 2025 and 21st October 2025. The results were weighted to be nationally representative.

As part of the research, we modelled the adequacy of pension savings for different groups. To estimate wealth at the point of reaching the State Pension Age, we used the Wealth and Assets Survey, the Annual Survey of Hours and Earnings and the Annual Population Survey.

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Assumptions

We were also able to project forward pension pot values based on a returns assumption and contributions over time. Our assumptions were as follows:

- Average wage growth – 2.5% p.a.
- CPI inflation – 2% p.a.
- Private and social rent growth – 2.5% p.a. (i.e. assume long-run steady state between wages and rents)
- Annual pension fund returns – 6% p.a. (based on FCA statutory basis)
- Average pension fund fee – 0.5%
- Annuity rate assumed at point of State Pension Age – 5.4% (current rate for single life, RPI, 5-year guarantee annuity)

Off track in midlife

The research shows people born between the early 1970s and late 1980s are faced with an acute challenge, driven by the timing and scope of pension policy changes, and shifts in employment, housing and family set-ups, as well as broader educational and cultural factors.

This generation sits between two eras of pension policy: too young to benefit from Defined Benefit (DB) schemes and too young to feel the full benefit of the introduction of auto-enrolment for Defined Contribution (DC) schemes.

As a result, many 40–54-year-olds began saving after age 35 (19%), leaving less time to build a sufficient pension pot. The average pot for a 47-year-old is £27,000². For some groups, however, those renting their home, working part-time, or single, the situation is more pronounced: renters have median pots of just £4,000 and part-time workers £6,000.

The 40-54 group are significantly more pessimistic about their retirement outcomes relative to younger or older groups. A fifth (21%) expect to have an inadequate standard of living in retirement, and anticipate being less financially secure than today's retirees, their own parents, and their peers.

Cost of living pressures have a bearing, with caring responsibilities, insecure employment and health issues all limiting flexibility to save.

A window of opportunity

Although 41% of 40 to 54-year-olds who are in work but not saving into a pension say this is because of affordability concerns, there are a wide range of other challenges cited, including not being encouraged to; not knowing whether they need to do; or not having the time to look into it.

However, L&G's analysis shows that many 40-54 year olds are still in a window of opportunity to change their retirement prospects, with a potential two to three decades to contribute, invest and accumulate savings. For example, a 47-year-old paying into a pension for the first time, contributing the minimum 8% over two decades, could build a savings pot of £116,000 by the age of 67, generating an annual retirement income of £19,162, including State Pension³. Increasing their contribution rate by 1% each year up to 12% could increase their savings to £187,600 generating an estimated income of £23,232, including State Pension⁴.

Since November 2024, L&G's Guided Retirement Planner has helped more than 200,000⁵ of its DC workplace pension members build a rounded picture of their retirement savings and make more informed decisions. The introduction of Targeted Support will allow providers to offer clear, actionable guidance; helping more mid-lifers make the most of the crucial final decades of their working lives.

Wider challenges

With evidence that broader dynamics such as culture, education, housing arrangements, employment status impact saving and pensions adequacy, there remains a need for wider solutions across all age groups.

²According to the Wealth and Assets Survey, the median pension saving for a 45 to 54-year-old in work is £27,000 (people with defined benefit pensions are excluded).

³Expressed in today's money terms. 8% contributions, applied to gross salary. ONS ASHE salary data by age group used for FT salary estimate. Real investment growth of 4.1% assuming a 60/40 portfolio is held throughout [based on L&G assumptions as at 31 Dec 2025]. Salary premium assumption of 1% to age 50 and 0% after. Single life annuity rate as at 19 Feb 2026, RPI-linked, 5yr guarantee. Current state pension of 12,550 pa, increasing with CPI.

⁴Expressed in today's money terms. Auto escalating from 8% to 12% contributions, increasing by 1% per annum, applied to gross salary. ONS ASHE salary data by age group used for FT salary estimate. Real investment growth of 4.1% assuming a 60/40 portfolio is held throughout [based on L&G assumptions as at 31 Dec 2025]. Salary premium assumption of 1% to age 50 and 0% after. Single life annuity rate as at 19 Feb 2026, RPI-linked, 5yr guarantee. Current state pension of 12,550 pa, increasing with CPI.

⁵Data correct as of 28 February 2026. The figure includes those pre and at-retirement.

As part of its new Decades Ahead programme, L&G will bring together research, policy engagement and practical solutions to understand where targeted and more structural interventions can make the most significant difference to the UK's long-term financial wellbeing and security. The programme will:

- **Collaborate with policymakers and industry partners:** to inform the newly convened Pensions Commission and support the rapid implementation of recommendations.
- **Support employers:** to develop guidance-led solutions that bridge the gap between generic information and regulated advice, supporting earlier, more informed decision-making across diverse circumstances.
- **Work with non-profit partners:** to explore how civil society can play a role in building long-term financial wellbeing and resilience across age groups.

António Simões, Group Chief Executive Officer of L&G, said: “Pensions are a cornerstone of the UK economy. They help drive growth and, more importantly, they shape people’s futures for the decades ahead. But a comfortable retirement doesn’t happen by accident. It’s built over a lifetime of saving. Just as pension savings compound over time, so too can inequality and missed opportunities.

“Our new research highlights the scale of the challenge, particularly for today’s midlifers. Millions are not on track for the retirement income they will need but, as importantly, our analysis shows it’s not too late to make a meaningful difference for those people.

“There are many reasons for pensions inadequacy, both structural and attitudinal. That’s why L&G is taking a new approach, bringing together industry, policymakers, civil society, employers and savers, to recognise a nuanced picture and drive collective action. We’re committed to stepping up to this complex challenge, through the support we offer our customers, and by helping shape a system that delivers better long-term outcomes for everyone.”

Andrew Harrop, Director, Public First, said: “Public First and L&G are working together to deepen our understanding of the pension and saving challenges facing people in work today. This research introduces a new, more comprehensive, measure of retirement income adequacy by assessing whether people can secure a minimum acceptable income and replace an appropriate share of their pre-retirement earnings, after housing costs.

“Only around half of people in the core decades of working life are on track to meet this new standard. We are particularly concerned about people in midlife, many of whom are reaching 50 with very little saved and with deep pessimism about their financial future.

“However, the findings also show there are real opportunities to improve outcomes. Employers, policymakers and civil society all have an opportunity to address the current shortfall. There may still be a long way to go to secure retirement security for all but the challenge is far from insurmountable.”

-ENDS-

Notes to editors

About L&G

Established in 1836, L&G is one of the UK's leading financial services groups and a major global investor, with £1.2 trillion in total assets under management (as at FY25) of which c. 43% (c. £0.5 trillion) is international. We have a highly synergistic business model, which continues to drive strong returns. We are a leading player in Institutional Retirement, in Retail Savings and Protection, and in Asset Management through both public and private markets. Across the Group, we are committed to responsible investing and dedicated to serving the long-term savings and investment needs of customers and society.

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