

Legal & General Group Plc

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The Missing Midlife Workers: Redundancy pushes over 50s out of the workforce, with 20,000 leaving year-on-year

- More than one in 10 (11%) over 50s are leaving the workforce after being made redundant
- Higher than average redundancy rates among over 50s sees them 17% more likely to face redundancy than younger workers
- The findings have serious consequences for retirement savings, with those impacted saving £29,000 less into their pension pot

More than one in 10 (11%) over 50s have disappeared from the workforce in the past five years as a result of being made redundant, according to new research from [Legal & General Retail Retirement](#) (LGRR) and the Centre for Economics and Business Research (Cebr). Among the 177,000 over 50s made redundant on an annual basis during this timeframe, 20,000 are estimated to have left the workforce.

The **‘Working Late’**¹ report, which looks at the experiences of the over 50s, raises concerns about the impact of redundancy and employment-related changes on the age diversity of the UK workforce. Among the over 50s experiencing redundancy in the past five years, nearly two-thirds (62%) felt that their age was a contributing factor in this decision.

In the period from 2007 to Q2 of 2021, the average rate of redundancy among the over 50s has been nearly a fifth higher than for the under 50s. The study shows that older workers have been 17% more likely to face redundancy than younger workers on average².

Despite a higher redundancy rate, according to data from the Office for National Statistics (ONS) Labour Force Survey, unemployment rates for over 50s tend to be lower than the rest of the working population. In part, this is likely impacted by the number of people who leave the workforce once being made redundant. The report found that 2,000 of the 15,000 over 50s made redundant each month on average over the last five years are estimated to have left the workforce.

Derailing retirement plans

More than a third (39%) of older workers who were made redundant in the past five years have had to change their retirement plans. This was also the case for those who experienced a reduction in their working hours (34%) or had their salary reduced (33%). Meanwhile, 15% of those being placed on furlough since the start of the Covid-19 pandemic decided to change their retirement date as a result.

The resultant impact of redundancy on retirement savings is significant. Older workers who have been made redundant are expected to save £29,000 less for retirement than the average employee aged 50+. According to the findings, the gap between estimated annual retirement income and the minimum level of income required for a comfortable lifestyle reduces by 18%, or £1,900 annually, for those who have been made redundant, compared to those who have not.

For employees over 50 who have experienced one or more of reduced hours (9%), a salary cut (7%), furlough (12%) or redundancy (8%), an annual reduction of £3,100 is estimated.

“The disappearance of the older worker presents a serious challenge to employers. Not only are they the fastest growing employee population but they also have a wealth of experience that UK employers will miss out on if this trend continues. As we all adjust to new ways of working in the wake of Covid-19, where ‘retirement’ will be different for many people, it’s crucial that older workers are not forgotten.

“The Government’s planned investment of additional funds to get over 50s back into work is a step in the right direction, but there is much more to be done to promote an age diverse workforce. We are living and working longer than ever before and the reality is, many of us will be relying on working longer to save for retirement. It’s therefore vital that older workers feel protected in the workplace, and not at greater risk of redundancy. As an industry, we also need to encourage people to prioritise saving throughout their working life, so finances have time to grow, enabling retirees to enjoy their desired standard of living.”

Andrew Kail, CEO, Legal & General Retail Retirement

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¹Over 50s in the labour market: a report for Legal and General. *Centre for Economics and Business*. 2021

Primary sources: Opinium survey of 2,000 over 50s in the UK, ONS Labour Force Survey and ONS Wealth and Assets Survey.

²From 2007 to Q2 of 2021, the average redundancy among under 50s has been 0.5%, compared to 0.6% among the over 50s. Since the year following the start of the pandemic, the average rates have risen to 0.7% and 0.8%, respectively. This contrasts with the experiences of the last economic crisis in 2008-09, when the redundancy rates among under 50s (0.9%) exceeded that among over 50s (0.8%).

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 international businesses in the US, Europe, Middle East and Asia. With almost £1.3 trillion in total assets under management*, we are the UK’s largest investment manager for corporate pension schemes and a UK market leader in pension risk transfer,

alternative asset origination, life insurance, workplace pensions and retirement income. Through inclusive capitalism, we aim to build a better society by investing in long-term assets that benefit everyone.

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About Legal & General Retail Retirement (LGRR)

Legal & General Retail Retirement's mission is to help its customers lead longer, healthier, happier lives. We believe everyone should be able to have a 'more colourful retirement'. The Division comprises the Group's retirement savings and income, later life lending and care solutions businesses. In 2020, LGRR wrote £910 million of annuity premiums and issued £791 million of lifetime and retirement interest only mortgages.

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