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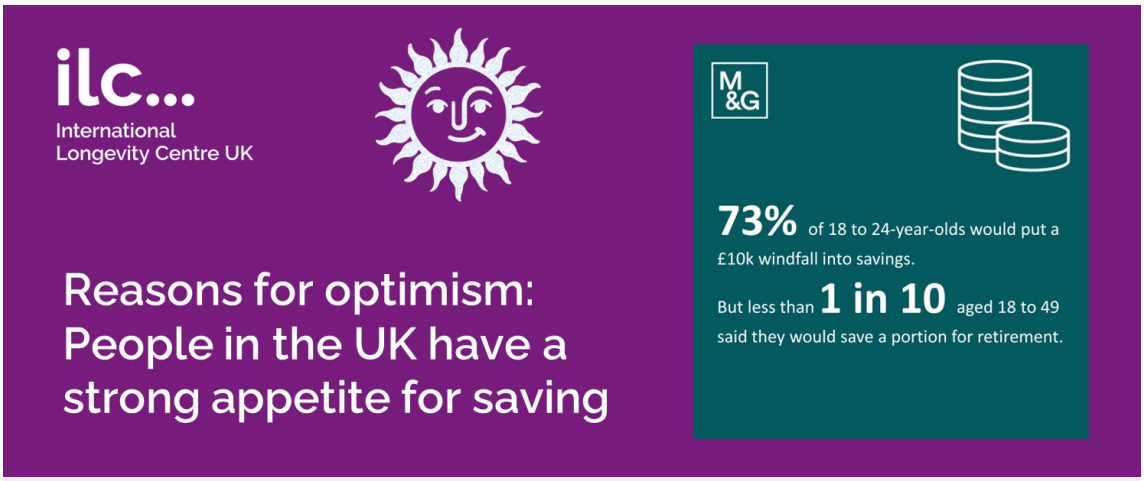
International Longevity Centre UK

Latest news

ILC Friday three

- Reasons for optimism - people in the UK have a strong appetite for saving
- Growing the economy - it's the people, stupid
- Retirement planning - missing the goal

Reasons for optimism - people have a strong appetite for saving



In the previous newsletter, we briefly mentioned some early findings from new research on the intergenerational contract, supported by M&G, that was published at our Retirement Income Summit last week.

The ILC and M&G commissioned a YouGov survey of over 2,000 adults. The results highlighted that few people believe that wealth in the UK is fairly distributed, raising concerns about intergenerational fairness and the future of the intergenerational contract.

The good news is the findings showed a significant appetite for saving across all age groups. When asked what they would do with a hypothetical £10,000 windfall, most people said they would put at least some of this money towards savings.

This appetite for saving was particularly strong among young adults: nearly 3 in 4 respondents aged 18 to 24, and half of those aged 25 to 49, said they would put some of this money into savings. And more than a quarter in this age group said they would use some of the money for investments, such as buying stocks and shares.

Younger people view savings to cover housing costs as a priority with over half (51%) of 18- to 24-year-olds, and 37% of 25- to 49-year-olds, saying they would put money towards housing, such as saving for a deposit, paying rent or mortgage, compared to just 5% aged 65 and over.

However, less than one in 10 respondents aged 18 to 49 said they would save a portion for retirement (8% for those aged 18 to 24 and 9% for those aged 25 to 49). In comparison, a third (31%) of those aged 50 to 64 would save a portion for retirement.

As Clive Bolton, CEO Life Insurance at M&G, said, *"These findings show that the savings culture is far from broken, busting the myth that younger generations are spenders and not savers. Through necessity rather than choice, younger people are focusing on near-term priorities which will in turn result in different retirement needs."*

The YouGov survey represents just part of ILC's Strengthening the intergenerational contract project, supported by M&G, which seeks to explore people's perceptions and experiences of intergenerational inequalities, with a view to identifying solutions that will help strengthen the intergenerational contract and support the wellbeing of all generations.

We will keep you up to date with this research but in the meantime, you can read the full snapshot summary report here and watch a recording of the Retirement Income Summit here - and via the button at the end of this newsletter.

If you have a positive story or a solution for long lives, please do let us know via the button below.

REASONS FOR OPTIMISM

Growing the economy - it's the people, stupid

Changes in income over time (2019-2022)

Countries	2019		2022	
	Income ($000s)	Income rank (out of 150 countries)	Income ($000s)	Income rank (out of 150 countries)
Ireland	$75.28	4th	$97.32	2nd
USA	$60.70	6th	$62.79	7th
Australia	$59.00	8th	$60.99	8th
UK	$47.24	13th	$47.92	13th
Canada	$45.12	16th	$45.24	17th

Economic growth, or the lack of it, has been one of the main sticking points during the UK election campaigns. A growing economy is dependent on the health and skills of its population and means investment in people. Described by the Institute for Fiscal Studies (IFS) as a conspiracy of silence, neither of the two main political parties have so far been really willing to enter into a debate with the electorate about what the country's tax and spending needs will be.

While no measure is perfect, GDP per capita enables us to measure economic wellbeing and standard of living. It also allows us to compare the size of different economies. Income is one of the six metrics comprising our Healthy Ageing and Prevention Index, which ranks 153 countries on how well they have adapted to longevity – and we use GPD as the measure of the health of national economies.

In 2022, the UK was ranked 13th out of 150 countries (for which data is available) on this measure. The country has seen a slight increase in income since 2019 but its rank has remained the same. While globally it does well, the UK ranks below several of its comparator countries. Between 2019 and 2022, it has only seen the smallest improvement – and the latest IMF 2023 data, shows that GDP per head in the UK fell by 0.2 per cent since 2019.

We might be living longer but we are doing so in poorer health and are working less across our lives. And, as set out in ILC's key messages for the next government, the means to address these challenges must be found. If we don't turn this around, in five years we will face an economic and social crisis that will undermine economic growth and the life chances of future generations.

The new government must:

- address the population health crisis – this means "nanny state on steroids" and an immediate commitment of 6% investment in preventative health interventions.
- support those who want to work to do so through flexibility-by-default, alongside investment in skills and workplace health.
- prioritise investment in reducing poverty from the start of life and supporting younger people with a "leg-up" to adulthood.
- make public spaces and the retail environment work for all ages to ensure our towns and high streets thrive not just survive.
- develop a national strategy for long lives, tying demographic change in with the other megatrends of our time: climate change and AI.

In his video on LinkedIn, David Sinclair talks about what the next government needs to do to address the profound challenges and opportunities presented by our ageing population. For more on our key messages, please click the button below.

READ MORE

Retirement planning - missing the goal

"Many can hopefully look forward to a lot more cup finals in our retirement. By taking some simple steps today, it can help us take control of our retirement plans and allow us to keep cheering our teams with confidence, for years to come."
Alistair McQueen, Head of Savings & Retirement at Aviva

Many of us living in European countries might have had enough of election campaigns already. Some of us might be a bit sick of football too. However, most people in the UK *"understand and can explain key football rules better than they can the rules around retirement"*, according to new research by ILC Partner, Aviva.

Today, there are a record number of people saving for their retirement – more than 22 million across the UK, enough to fill the Munich Football Arena, 300 times over. A record 10 million watched Germany beat Scotland in the opening game of the UEFA Euros 2024 championship; but according to Aviva *"millions of the same people may be flying blind towards their retirement"*.

The results of a nationally representative survey of 2,000 general consumers, aged 16+, conducted by Censuswide between 13th and 15th May 2024 found:

- Almost three in five people (59%) can confidently describe football's offside rule;
- more than half (53%) know what VAR (Virtual Assistant Referee) stands for; and
- the same percentage (53%) know that 30 minutes of extra time could be played if the final result of a match is still a draw after the usual 90 minutes.

However, when it comes to retirement planning:

- Less than half (46%) of UK adults are confident that their retirement plans are on track and this confidence appears to decrease with age – only one in five (18%) 25 to 34-year-olds say they are 'very confident' their retirement plans are on track – this drops dramatically to just 7% of those aged 45 to 54 years old.

- Only two in five (40%) correctly recognised 66 as the age that UK residents are currently eligible to claim the state pension, almost two in five (38%) thought they could access the money between 60 and 65 years old.
- Just under one in four (23%) can correctly identify the value of the full state pension (£221.20 per week) – one in five (19%) predicted that they would be between £20 to £60 better off each week (citing £241.20 to £281.20 as the payment).
- A further 18% thought the earliest age they can access their private pension was between 40 and 54 years old – not 55, which is the age people can typically access their pension under the pension freedoms introduced in 2015.

Aviva's three key retirement planning 'rules of thumb' are that we should aim to:

- begin saving for your retirement at least 40 years before your target retirement age.
- save at least 12% of your earnings, including employer contributions, into your pension
- have a pension fund worth at least ten times your salary by the time you retire.

At our Retirement Income Summit last week, former pensions minister and Chair of the Work and Pensions Committee, Rt Hon Sir Stephen Timms, said we urgently need to plan for increasing minimum contributions to 12% during the next decade – and to explain to workers why this was necessary. His call for a rise to 12% minimum contributions was echoed by Jordi Skilbeck from the Pensions and Lifetime Savings Association (PLSA), who suggested that both employee and employer default contributions could be set at six per cent. You can watch the event via the button below.

If you are interested in joining our Partners Programme, please contact Paul Goulden, ILC Head of Partnerships.

WATCH HERE

To keep up-to-date with ILC events throughout the year, please continue to check our website on a regular basis.

If you are interested in learning more about our Partners Programme, please click here.

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