Institute and Faculty of Actuaries

Ipsos

A pension system fit for the 21st century

The stories behind pension gaps

Contents

About the IFoA

The Institute and Faculty of Actuaries (IFoA) is a royal chartered, not-for-profit, professional body. We represent and regulate over 32,000 actuaries worldwide and oversee their education at all stages of qualification and development throughout their careers.

Actuaries are big-picture thinkers who use mathematical and risk analysis, behavioural insight and business acumen to draw insight from complexity. Our rigorous approach and expertise help the organisations, communities and governments we work with to make better-informed decisions. In an increasingly uncertain world, it allows them to act in a way that makes sense of the present and plans for the future

About IPSOS

Ipsos is a global market research and public opinion company, founded in France in 1975, that provides research services to clients in both the public and private sectors to help them understand society, markets, and people for better decision-making. Operating in 90 markets with nearly 20,000 employees, Ipsos conducts various types of research, including surveys, polls, and audience measurement, and offers services related to market strategy, innovation, media testing, and public opinion.

The Pensions Gap working party are:

Alexandra Miles (Chair), Oliver Payne, Heather Boucher, Polly Cripps, Jan Claisse, Alexandra Dias, Charlotte Dawkins, Rhian Price, Astra Rudling

Foreword

Since the launch of the How much could you lose? report last year, the Pension Gaps Working Party has been driven by a single question: "Why is our pension system leaving so many behind?"

Through our collaboration with Ipsos, we have heard stories of freelancers who fear poverty in later life, parents forced to choose between pension savings and rent, and part-time workers whose retirement security is halved by a simple contract change.

The pensions system was designed for a different era. It assumes long, uninterrupted careers with single employers. Modern working lives are fragmented, diverse, and uncertain.

This report shows that pension gaps are often not caused by individual choices alone – they are embedded in systemic design. Our hope is that these findings and recommendations spark urgent, practical action to build a pensions system fit for the 21st century – one that supports dignity, security, and purpose for everyone.

I want to extend my heartfelt thanks to everyone in our working party for your dedication, insight, and unwavering enthusiasm throughout Phase 2 of our research. This group brings together a diverse range of industry experts from across the pensions landscape, actively collaborating on a topic we all feel deeply passionate about. Your collective expertise and commitment have been instrumental in shaping a report that not only informs but inspires.

A special thank you to Anna Geatrell and Lucy Neiland at Ipsos for your thoughtful and rigorous ethnographic work, which brought real voices and lived experiences to the forefront. Your contributions have added depth and humanity to our findings.

We're profoundly thankful to Dr Hayley James, Senior Research Fellow at the Centre for Personal Financial Wellbeing, Professor Matt Padley, Co-Director of the Centre for Research in Social Policy, Loughborough University, and Helen Forrest Hall, Chief Strategy Officer, Pensions Management Institute, for their generous support and thoughtful contributions throughout this project. Their time, insight, and presence in our film have not only strengthened the work but also inspired it.

And of course, sincere thanks to the Institute and Faculty of Actuaries for funding this project and supporting our mission to build a more inclusive and future-fit pensions system.

The pensions system was designed for a different era.

Together, we've created something that we hope will drive meaningful change.

Alexandra Miles
Chair, Pensions Gap Working Party

Executive Summary

> **The original Pensions Commission helped get pension saving up and pensioner poverty down. But if we carry on as we are, tomorrow's retirees risk being poorer than today's. So, we are reviving the Pensions Commission to finish the job and give today's workers secure retirements to look forward to.**
>
> **Torsten Bell,** Minister for Pensions 21 July 2025

In September 2024, the Institute and Faculty of Actuaries (IFoA) launched the first phase of this campaign, entitled: "How much could you lose?". It ignited a national conversation on pension gaps and the hidden costs of life's decisions on retirement income.

Our Phase I modelling revealed startling truths: a six-month parental leave, a switch to part-time work, or delaying pension contributions by just five years can reduce retirement income by tens, or even hundreds, of thousands of pounds.

Building on this, Phase II goes deeper – illuminating the human stories behind the numbers. Partnering with Ipsos, we used ethnographic research and filmed interviews to understand not just what the gaps are, but why they persist and how they shape people's lives.

The findings are clear:

- Pension gaps exist partly because the system does not reflect modern working patterns
- The self-employed, part-timers, and those facing life disruptions through expected and unexpected events are systematically disadvantaged
- People feel disconnected, overwhelmed, and unsupported in planning for retirement.

Our recommendations, which we look forward to exploring further with government, industry and consumer representatives, include:

- Enabling pension savings for the self-employed via flexible auto-enrolment
- Embedding a culture of savings into the UK population via a UK Saver product from birth, which can be used for both housing and pension savings
- Private pension provision and defaults which are enabled to auto-flex for life events so that pension savings are more likely to be maintained after a change in circumstance
- Rebranding and demystifying pensions to rebuild trust in pension savings
- Building community pension solutions, enabling a pooling of resources in a trusted environment.

This report combines human insight with actuarial modelling and evidence-based recommendations to inform the reinstated **pensions commission**. We hope that the findings can become a fundamental part of building a pensions system fit for the 21st century.

Introduction – why pension gaps matter

The question of how people save for retirement is not just about finance – it is about fairness, security, and dignity in later life. Pension gaps reveal the ways our society and systems fail to support everyone equally as they age.

Our work so far

In September 2024, the IFoA launched **How much could you lose? Opening the conversation on closing the pensions gap** to open a national conversation on pensions inequality. That first phase revealed stark numbers, showing how everyday decisions such as moving to part-time work, taking parental leave, or delaying pension saving can drastically reduce retirement income without people realizing.

Our work garnered much press coverage, enabling many more people to understand the impact of some key life events on their pension savings.

Yet while modelling quantified the issue, it could not answer deeper questions:

- Why do pension gaps persist despite policy reforms?
- How do individuals experience these gaps in real life?
- What does this mean for how we design pensions systems for the future?

What Phase II set out to do

This second phase sought to shine a light on the human side of pension gaps. In partnership with Ipsos, we conducted ethnographic research to hear directly from individuals across diverse life stages, work patterns, and backgrounds. Our aim was to understand:

- How pensions fit within real financial lives and priorities
- The emotional realities of saving, struggling, or feeling excluded from pensions
- People's ideas and aspirations for a fairer system.

Why now?

The UK is undergoing a significant pensions review, with the Department for Work and Pensions (DWP) recently releasing a **roadmap for change**. This, alongside the new Pension Schemes Bill, means there is a valuable opportunity now to reshape pensions to reflect modern working lives.

The lesson of the Turner Commission from the early 2000s, which was viewed as a major public policy success, was that dogged long-termism is required to address issues. Twenty years on, the actuarial profession seeks to play our part in the next phase of this public interest work.

Most importantly, the way we design pensions today will determine whether millions face later life with security and purpose, or fear and hardship.

What this report offers

In the chapters that follow, you will find:

- Insights from lived experiences demonstrating how pension gaps manifest in real life
- Systemic and practical solutions to close these gaps, informed by what people said they need
- A call for policymakers, employers, and providers to design pensions systems that are fit for the 21st century.

The IFoA engaged Ipsos to conduct ethnographic research on pension gaps for this report. Ipsos interviewed UK pension savers and pension experts to uncover the personal stories behind those facing pension gaps and create a short documentary film. These narratives highlight the challenges faced by many in the UK in terms of pension saving.

View the documentary video via the link opposite, with additional links to individual stories embedded throughout this report.

Documentary and stories

Click here to view stories from our interviewees online

Roughly 1/20 self-employed workers without income protection have experienced serious accident/illness in the last 12 months.

Source: ©Ipsos 2025, Financial Research Survey (FRS), for 12 months ending June 2025. Results based on a sample of around 3,206 self-employed adults without income protection insurance (aged 18+).

Roughly 1/20 self-employed respondents have experienced an unwanted reduction in working hours in the last 12 months.

Source: ©Ipsos 2025, Financial Research Survey (FRS), for 12 months ending June 2025. Results based on a sample of around 3,495 self-employed adults (aged 18+).

Key themes emerging:

- The system assumes a straight career path, but people have multiple jobs, go part-time and take career breaks, have caring responsibilities, or are self-employed
- Self-employed people are excluded, with only 18% saving for retirement compared to 90% of employees
- People feel disconnected from pensions – most participants mentioned their bank, but no-one named their pension provider. Most described pensions as "confusing" or "irrelevant"
- The housing crisis compounds the problem. Rent costs often crowd out pension saving, and lack of homeownership increases the required retirement income.

The pensions system isn't really designed for the majority. It's designed for a minority group, or a very idealistic view of what life should be... a challenge out there is how do we change that to make it that the pensions system works for the majority of people.

Dr Hayley James, Senior Research Fellow at the Centre for Personal Financial Wellbeing

1. No worker left behind: auto-enrolment for the self-employed

> **“Because I am self-employed, no-one is going to match it. Every time I look at it, it gets more and more confusing”**
>
> **India,** freelance leatherworker

The self-employed make up 14% of the UK workforce (4.4 million people)[1], yet are systematically excluded from auto-enrolment. Current participation in pension saving is only 18% among self-employed, compared to nearly 90% among employees[2]. This exclusion risks creating a generation of older self-employed workers facing retirement poverty.

4.4m	Self-employed UK workforce
18%	Percentage of self-employed with pensions savings
90%	Percentage of employees with pensions savings

India’s story

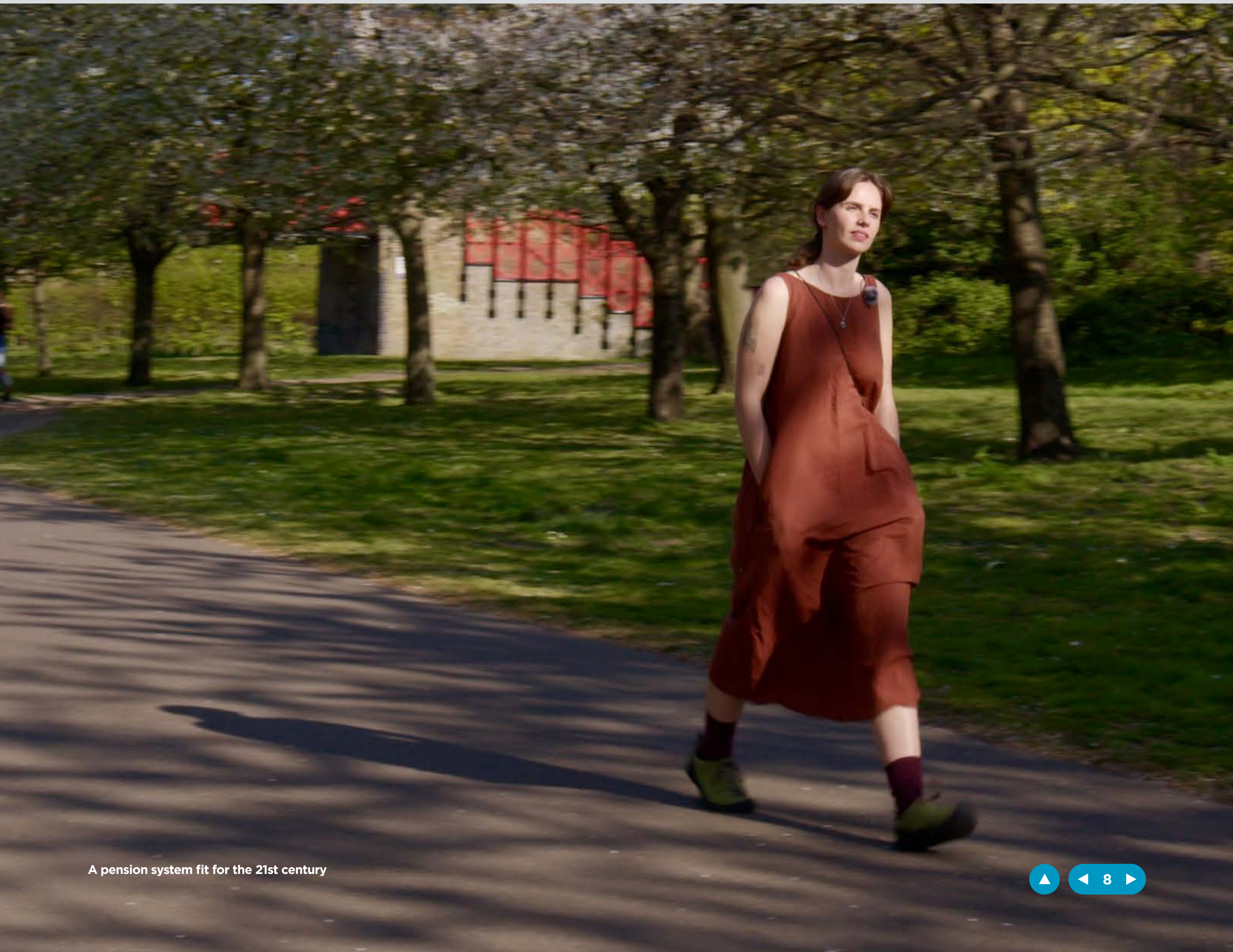
India is a self-employed leatherworker who sells her products through Etsy and at local markets. Over time, she has built up her business – testing new designs, building a customer base, and managing her income and taxes. Self-employment gives her the freedom to pursue her creative work and build something of her own. Day-to-day, she feels financially in control. Preparing for later life, however, is more difficult.

Without the automatic pension contributions that come with traditional employment, there is more to figure out, and there are fewer clear entry points. “It’s really bad, but I don’t understand,” she says of private pensions. Having worked in cafés and other casual jobs in the past, she believes she may have small pensions from previous roles, but retrieving or combining them is not straightforward.

Her uncle, recently retired, often tells younger relatives to get a pension “because you will need it.” The advice lingers. India half-jokes that she hopes others are also still working it out: “I really hope other people haven’t got it all sorted either.”

Click here to view India’s story online

Without a clear first step, saving for the future remains one of the harder parts of her freelance employment.



Solution Overview

Flexible auto-enrolment tailored for the self-employed would close this systemic gap. Our recommendations:

✓ Flexible contribution design

With no fixed pay to tie a contribution rate to, contribution amounts would need to be a fixed pound value or set as a percentage of declared profits. For those with irregular earnings, contribution smoothing or pause features would add extra flexibility.

Setting the right level of default contributions will also be important, too high will lead to opt-outs but too low would lead to inefficient small pots.

✓ Seamless integration

Embed pension payments into banking and invoicing apps to replicate auto-enrolment behavioural nudges. Our research shows the self-employed can be put off by the complexity of pensions and the lack of easy ways to get started. Simplicity will be crucial to the success of auto-enrolment for the self-employed.

✓ Government incentives

Explore possible ways to encourage improved pension saving levels for the self-employed. For example, exploring optimal contribution structures, enhanced tax relief, or starter bonuses could help overcome affordability concerns for the self-employed and enhance the value received from pensions.

✓ Default provider

A government-recommended default pension provider, with regular reviews, reduces choice paralysis and builds trust. A process should be established to make payments to this pension with the individual having a choice to opt-out or choose their own provider.

Positive Impact

From the 2024/25 tax year, the self-employed will see a reduction in National Insurance contributions by 3% per year – could this be a starting point for redirecting part or all of this to a personal pension and then increasing this in a staggered way over time?

Simple modelling based on an average salary shows:

3% contributions from age 22 → ~£100,000 pot by 68

Starting at age 45 → only ~£40,000 pot

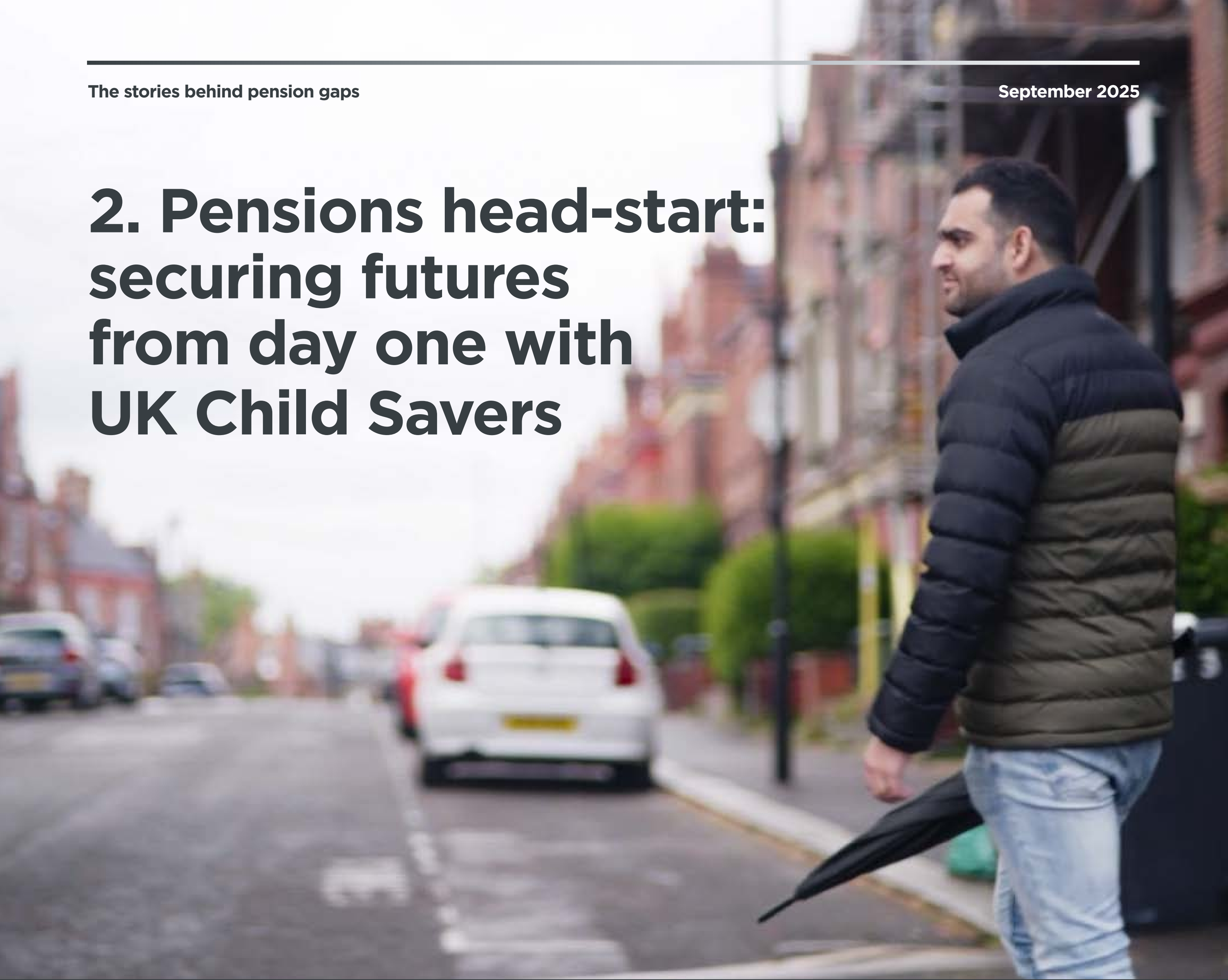
Pension pot amounts are shown in today's money terms

See **appendix** for underlying assumptions.

This illustrates the importance of early adoption, even at modest contribution rates.

Call to Action

Government and industry should co-design and pilot self-employed auto-enrolment models to avoid a deepening retirement security crisis.



2. Pensions head-start: securing futures from day one with UK Child Savers

> **“My parents didn’t start with a lot, but they’ve worked hard to set themselves up and give us the life that we’ve been able to have”**
>
> **Sachit,** part-time electrical engineer

Early savings habits are critical, yet a lack of pension culture and intergenerational disadvantage leave many without any retirement provision.

Our research shows saving for retirement is not a well-established part of the culture in the UK. Changes across generations, lack of provision for low earners and the self-employed and a lack of brand loyalty to pension providers mean many have few to no pension savings. Our research also showed that parents were a big influence in supporting the next generation to save into a pension.

Sachit's story

Sachit is strongly inspired by his parents, who started with very little when they moved from India to Australia. They built a good future for their family through finding stable work and careful planning, making regular savings and investments.

Having recently married and moved to the UK, Sachit is now thinking seriously about his own future and financial security. He has been making careful budgeting decisions, tracking his expenses closely to find ways for him and his partner to know where they can make additional savings each month.

At the same time, his father, who is approaching retirement age himself, has been urging him to start contributing more towards retirement, not just relying on the mandatory pension deductions.

"My dad's been on my back about that," Sachit says. Taking the advice to heart, Sachit has started putting aside an additional £100 a year into his pension, seeing it as a small but important way to build a stronger financial foundation for himself and his new family.

Click here to view Sachit's story online

He credits his parents' example and the important conversations they've had about retirement for his proactive mindset towards financial planning.

Solution Overview

Launch UK Child Saver accounts from birth:

- £250 government kick-start contribution
- Parents and others are encouraged to make regular/ lump sum contributions, potentially via employer flexible benefits programmes during childhood
- Tax-free contributions and investment growth
- Default investment strategy linked to stocks and shares to maximise the benefit of compound interest
- Withdrawable proportion (e.g. 50%) for first home purchase with the balance reserved for retirement.

The UK Saver could be similar to the Child Trust Funds that were available from 2002 to 2011, but with key differences such as a default investment strategy, and not being redeemable at age 18. By allowing a proportion of the money to be used towards a house purchase, a UK saver would be more popular after individuals turn 18. Having a single saving product would, over time, allow more encouragement from family, friends and communities on how to manage the UK saver, with similar understanding and affection as the KiwiSaver[3] mentioned by one of the individuals in our research.

Embed pensions into family financial planning and education, integrating with national curriculum content.

Positive Impact

Example projection:

£20/month + £250 start = ~£12,000 by age 30

Keeping half from age 30 invested and continuing with £20/ month to 68 = ~£35,000 pension pot by age 68

Pension pot amounts are shown in today's money terms.

See **appendix** for underlying assumptions.

This would transform the baseline of retirement security for future generations. Many would save in addition through their employer or could increase contributions to their UK Saver as earnings allowed.

Call to Action

Government should legislate a universal child pension product, embedding a savings and investment culture for all from birth, maximising the benefit of compound interest.

Short-term: Policy design and stakeholder consultations.

Medium-term: Legislation for UK Saver implementation.

Long-term: Integration into wider savings and pensions ecosystem.

3. Evolve default approaches to life events

> **In the Covid period, I had no job and my wife was pregnant. I said, Lord, how do we go about this. I was a contractor, but my wife had a permanent role and that sustained us because she was still getting paid despite the fact that the world had shut down.**
>
> **Emmanuel,** self-employed test analyst

Life happens: don't let pensions pay the price

Key life transitions, foreseen and unforeseen events such as parental leave, part-time work, divorce, bereavement, or career breaks can significantly reduce pension contributions, yet few understand these impacts.

There are currently 8.5M people working part-time in the UK, a figure that has increased by over 20% since the start of the century[4], with women making up 70% of part-time workers[5]. When people move to work part-time, as many women do after having children and returning to work, their pension contributions take a hit as the default automatically shifts to a part-time salary. Being out of work for a period (for example due to a career break or job loss) will also significantly impact pension pot values as pay drops to zero the pension contributions will naturally follow.

Although pension contributions may not be at the front of mind at this time, the pensions impact of life moments could be explained better to increase understanding. One way this could happen is through a process of employers and pension providers taking the time to highlight the effect moving to part-time or a career break would have on pension contributions and discussing what it would take for contributions to remain on the same trajectory as before.

Emmanuel's story

Emmanuel experienced a long period of joblessness during the Covid-19 pandemic, at a time when he and his wife were expecting their first child. The uncertainty of that period was deeply stressful. He struggled to find work, despite official claims that jobs were available. Emmanuel felt like the job market had collapsed - Brexit and the pandemic had created a strange and difficult economic climate unlike anything he had experienced before.

During this time, the family's stability depended entirely on his wife's income. Her permanent role meant she was still being paid. Emmanuel recognises that this consistent income was what kept them afloat.

Eventually, he secured a job with the NHS, which marked a turning point. Their household income improved, and the financial pressure began to ease.

Reflecting on this period, Emmanuel sees how fragile income and employment can be, and how essential it is to have savings or reliable financial systems in place to manage sudden shocks.

Click here to view Emmanuel's story online

For him, thoughts about private pensions and future planning only became possible once stability returned. His experience highlights the difficulty of building a financial safety net, including pensions, without consistent, secure work or institutional support.

Two-fifths of those able to work in Great Britain are not full-time employees.

Source: ©Ipsos 2025, Financial Research Survey (FRS), for 12 months ending June 2025. Results based on a sample of around 32,456 adults able to work (aged 18+).

Over a fifth of those able to work in Great Britain are only working part-time.

Source: ©Ipsos 2025, Financial Research Survey (FRS), for 12 months ending June 2025. Results based on a sample of around 3,206 self-employed adults without income protection insurance (aged 18+).

Solution Overview

✓ **Encourage and support proactive employer and provider communications that provide:**

- Clear illustrations of pension impacts before and after life events
- Options to maintain or adjust contributions to preserve prior retirement trajectories.

Informing people about the financial impact of key life moments and unforeseen events ensures they fully understand the potential pensions impact of the decisions they are making. Providing options and information to enable them or others to change their pension savings to make up any shortfall is a crucial step to improving the financial futures of the affected individuals.

Positive Impact

This change, if implemented, would empower and support individuals to make informed choices without sacrificing long-term security, narrowing pension gaps arising from gendered or caregiving responsibilities.

Example projection:

PT from age 34 = ~£240,000 by age 68

PT, but full-time equivalent (FTE) contributions from age 34 = ~£325,000 pension pot by age 68

Pension pot amounts are shown in today's money terms

See **appendix** for underlying assumptions.

This example member would have an additional ~ £85,000 at retirement saved in their pension by continuing to pay pension contributions based on their FTE salary.

Call to Action

The Government should investigate ways to encourage transparent communication and discussion of the pension impact of key life moments to protect the future financial wellbeing of a significant proportion of the UK workforce.

Short-term: Regulatory requirements for pension impact disclosures.

Medium-term: Integration into HR and payroll systems.

Long-term: Monitor behaviour change and pension outcomes.

4. Rebranding and demystifying pensions: from confusion to confidence

There's so much information and options that it's a bit overwhelming at times. I've got three letters from my job, pension letters, that I haven't opened, because I'm just so overwhelmed by it.

Meghan, part-time charity worker

Pensions are viewed as confusing, complex, and disconnected, preventing early action and engagement.

Our research revealed a general sense of confusion and overwhelm among participants when it came to pensions. Individuals found them to be complex, and lacked confidence to discuss the options available.

This is not a novel finding: financial literacy varies widely across the population and pensions awareness is typically a weak spot. While most individuals could easily name their bank, none named any pension providers, indicating a lack of visibility and connection with pension products.

Much of the knowledge around pensions is passed through informal community channels, relying heavily on individuals who have financially literate friends or family members. This makes it harder for those without such networks to make informed decisions, deepening existing disparities.

Financial education during school gives individuals both a conceptual understanding of why early action is important, and practical knowledge of the options available.

In England, financial education was added to the national curriculum in 2014, and is mandatory at secondary school education level. In Scotland, Northern Ireland and Wales, financial education is given at primary school as well. However, those who left school before these provisions were introduced, or who were educated outside of the UK, may have received no financial education through formal channels and are therefore vulnerable to lack of awareness or misinformation, which came across clearly from our research participants.

Additionally, a report by the UK House of Commons Education Committee found last year that financial education provision in England remained inadequate, and recommended the expansion of provision to primary school age and 16 to 18-year-olds who are not currently covered[6].

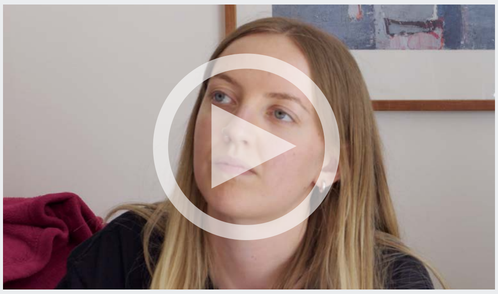
Meghan's story

Meghan lives with her sister India in a flat share. Since finishing their university studies, both have worked for multiple employers in a mix of roles, including casual, overseas, and formal contract work.

Today, Meghan is a part-time charity worker, and India is a self-employed leatherworker. They receive an overwhelming number of communications from different employer pension providers, as well as from private pension providers.

Despite the volume of options offered and advertised in the emails, letters and notifications they receive, they don't feel any clearer about what to do next. The information is fragmented, terminology inconsistent, and there is no clear guidance for people with work patterns like theirs.

Meghan is seeking a pension product that reflects her current situation and might be considered a 'standard' option for someone in her position. Yet the tools to identify such a path are lacking. At the same time, both sisters face ongoing financial pressures, including high housing costs and general cost of living increases.



Click here to view Meghan's story online

They support one another by sharing financial strategies – comparing ISA rates or exchanging tips on saving money in daily life – but navigating pensions continues to feel opaque and out of reach.

> **People are incredibly time poor, particularly at the point when we might want them to be engaging a little bit and saving a bit more. They're facing multiple financial questions and challenges. This isn't the only thing on their radar.**
>
> **Helen Forrest-Hall,** Chief Strategy Officer, Pensions Management Institute

Solution Overview

Rebrand pensions for clarity and purpose:

- Refine and expand the existing provision for financial and pensions education in the national curriculum
- Develop intuitive pensions dashboards with educational overlays
- Create simple, government-recommended default products to build trust and encourage participation for those without access to a workplace pension, currently underserved, such as the self employed.

Given the importance of starting a pension as early as possible, early education in pensions is essential. The current gap in early education has left many people without the tools they need to engage meaningfully with pension planning.

This is even more pertinent in a post-DB world, where the system places the bulk of responsibility on individuals, and even those with workplace pensions bear the risk of their own pension provision.

The involvement of other stakeholders, such as employers, charities, community-led initiatives, adult educators, pension providers and government bodies play a valuable role in providing financial education.

By creating accessible entry points for learning, such efforts can support individuals in taking control of their financial futures.

Positive Impact

- Increases early contributions and engagement
- Reduces inequalities driven by financial literacy disparities.

Example projection:

A person persuaded to stay in their pension scheme, through a mix of raised levels of competence and confidence, and not to opt-out in the first five years of their pension saving journey, could have an additional ~£200,000 saved in their pension by age 68.

See **appendix** for underlying assumptions.

Call to Action

Industry and government should launch a national pensions literacy strategy, building public confidence and ownership.

Short-term: Policy commitment to pensions literacy strategy.

Medium-term: Curriculum integration and dashboard upgrades.

Long-term: Monitor engagement, contribution rates, and pension outcomes.

5. Community solution – strength in numbers: designing pensions for collective resilience

> **I haven't always looked after myself financially, and that's something that I regret.**
>
> **Sam,** part-time tutor

Our research has shown that the current pension system typically relies on individual financial planning and overlooks the value of community-based solutions and collective resilience. These systems have delivered important financial benefits in other areas and there is growing interest in exploring complementary approaches that reflect mutual trust, solidarity, and shared responsibility.

We believe it is worth investigating the adaptation of existing pension schemes to better incorporate community themes. Recent developments in this area include:

- NEST issuing a tender to pilot a Member Deliberative Assembly, draw on democratic innovations to engage members in shaping investment strategy. This initiative, inspired by deliberative processes used in Dutch pension governance, aims to generate member-led recommendations to inform Nest's Statement of Investment Principles in 2026.
- The 'Deelnemersdialoog' at 'Pensioenfonds Detailhandel' in the Netherlands brought together a representative group of members to develop recommendations on responsible investing. Over three days of structured dialogue, participants shaped proposals that were formally considered by the fund's board, showing how existing pension schemes can evolve to reflect member values and preferences.

More innovative models could also be explored, drawing inspiration from the legacy of friendly societies, mutual aid organisations that thrived before the welfare reforms of the 1940s, a non-occupational, supplementary pension platform could be structured as a Community Benefit Society (CBS) or Cooperative. These formats offer democratic governance, community ownership, and a clear commitment to public good. They could serve as trusted vehicles for practical saving, peer learning, and collective decision-making. The approach would also reach those currently excluded by existing occupational schemes, such as gig workers, part-timers and the self-employed.

This proposal honours the vision of thinkers like William Beveridge, architect of the post-war welfare state, who saw a continued role for voluntary organisations in welfare provision. His 1948 report, Voluntary Action, highlighted the potential of such groups to complement state systems and foster social advance.

By reviving principles of trust, reciprocity, and collective agency, pensions could be reimagined from passive financial products reliant on individual decision making to community-driven platforms, systems of financial citizenship that build confidence, competence, and resilience for later life. Whether through adapting current schemes or exploring new structures, the goal is to create pension solutions that reflect the realities and aspirations of the 21st century.

Sam and Jake's story

Sam and Jake live in each other's pockets – they've stuck together through personal, professional and financial challenges and created a relationship where no topic is off the table for discussion. They don't think twice about lending each other money, childcare support, emotional advice, and know it will come back in return when needed.

Both have held a range of jobs over the years – some more stable or better paid than others - which has shaped their access to pension entitlements in the longer-term. "I've never had a decent salary that I could put away. I was never taught to save or to invest and that's what it's all about", admits Sam.

Between them, they've tried different financial products, admittedly with little guidance or support, and trade advice about banks which they trust or don't. Nationwide stands out to Sam as "friendly, generous and nice", qualities he values highly in a financial institution and which he sees as exemplified in the building society's decision to give customers a share of profit margins.

Click here to view Sam and Jake's story online

Without reliable employer guidance or clear financial advice, Sam and Jake have been left to navigate the system largely on their own. In this context, exchanging tips and offering mutual support has become a vital survival strategy

> **We've individualised pensions, we've individualised so many things that, finding ways to get back to stronger communities I think is fundamentally important.**
>
> **Matt Padley,** Co-Director of the Centre for Research in Social Policy, Loughborough University

Solution Overview

☑ **Investigate adapting current schemes or exploring new structures inspired by community savings traditions, such as friendly societies, and the pardner schemes used within Caribbean, African, and South Asian communities:**

- Pooling resources for mutual financial resilience
- Leveraging social trust and solidarity to enhance engagement
- Creating pension systems that foster collective ownership

☑ **Embed participatory models**

- Co-design pension schemes with communities to ensure cultural relevance and build legitimacy.
- Explore hybrid cooperative pensions with government or provider support.

Positive Impact

- Increases pension participation among marginalised or excluded groups
- Builds community resilience in financial wellbeing and retirement security.

Call to Action

Policymakers should fund, test and pilot adaptions to current schemes, and explore new community-based pension scheme structures to ensure no one is left behind.

Short-term: Stakeholder mapping and feasibility research.

Medium-term: Pilot community pension models with cooperatives and local financial institutions.

Long-term: Scale successful models as part of inclusive pensions reform.

Conclusion – a call to action to close pension gaps

This report has shown that pension gaps are not accidental. They are the result of a system designed for another era, one that assumed uninterrupted careers, single employers, and linear life paths.

Today, work is fragmented, diverse, and unpredictable. Yet pensions remain rigid and exclusionary, leaving millions behind, including:

- The self-employed, locked out of auto-enrolment
- Parents and part-time workers, penalised for caring roles
- Young people starting their adult lives without a savings and investment culture
- Communities forced to build resilience outside mainstream systems
- Individuals paralysed by confusion, complexity, and disconnection.

But pension gaps are not inevitable.

They are the result of decisions about system design, policy priorities, and the experiences that are prioritised. And they can be changed.

Our vision for the future

We envision a pensions system fit for the 21st century that is:

1. **Inclusive** – covering every worker, regardless of employment type or life stage. This is a system underpinned by trust, transparency, and an unshakeable commitment to fairness
2. **Flexible** – adapting to the real, messy, human patterns of modern work. This is a system that supports people through life's transitions without penalising care, illness, or change
3. **Empowering** – giving individuals clarity, confidence, and control. This is a system that embraces technology to simplify and integrate saving seamlessly
4. **Rooted in community** – recognising that financial wellbeing is relational, not just individual. This is a system that learns from community and cooperative models to build better collective resilience
5. **Future-focused** – enabling each generation to build dignity, security, and purpose in later life. This is a system that starts from birth, embedding a culture of saving and security.

Let's build a pensions landscape where no one is left behind. We urge policymakers, pension providers, employers, and communities to act decisively on the solutions set out in this report. Because closing pension gaps is not just about the money. It is about shaping a society that honours everyone's right to age with dignity, security, and hope.

To build a pensions system fit for modern life, we need to:

- Extend coverage to excluded groups
- Empower individuals to navigate life's decisions without risking retirement security
- Reimagine pensions as collective, community-embedded systems of financial wellbeing

Appendices

Modelling assumptions

- Pension saving starts at age 22.
- Starting gross pensionable salary of £28k.
- Annual contributions 10% (which would be split between employee and employer).
- Contributions increase with annual real salary increases of 1%.
- Average real investment return on the pot of 3% pa.
- Long-term inflation of 3% pa.
- Retirement at age 68.
- All pension amounts are shown in today's money terms.
- The calculations assume contributions from the first £ of salary, with no LEL or UEL applied.

Solution specifics

1. **No worker left behind: auto-enrolment for the self-employed**
    - Annual contributions 3% (employee only).
    - Contributions increase with annual profit or real salary increases of 1%.
2. **Pensions head-start: securing futures from day one with UK Child Savers**
    - Starter contribution of £250, with ongoing contributions of £20pm until retirement.
3. **Evolve default approaches to life events. Life happens: don't let pensions pay the price**
    - After 12 years (age 34) members go part time, working 3 days a week until retirement.
4. **Rebranding and demystifying pensions: from confusion to confidence**
    - Member decides not to opt out of pension for first 5 years of saving from age 22.

Qualitative research methodology

Ethnography is the study of people and cultures in their natural settings. It differs to qualitative research, which aims for a detailed understanding of conscious behaviour and opinion, and from quantitative research, which deals in statistical representation and breadth of understanding. We use film to understand what the UK public say, see and do when it comes to pensions, both consciously and unconsciously.

Findings from ethnographic research are not intended to be representative but rather to provide in-depth insights into the lives of a small group of participants. Their stories speak for themselves but also hint at more universal experiences and understanding, particularly around finances and retirement.

Ethnographic fieldwork was conducted with six part-time and self-employed participants in Spring 2025. We are grateful for their important insights and generous contribution to this project.

The Ipsos Financial Research Survey

The FRS is a continuous consumer survey of a nationally representative sample of ~50,000 GB adults per annum. It delivers trusted analytics on retail financial holdings, acquisitions, and consumer usage and behaviour.

It provides a single source of data covering critical retail financial markets, including banking, savings, investments, lending, insurance, and pensions, which, combined with the FRS's demographic data, helps companies better understand and solve a range of challenges.

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