

PRESS RELEASE

EMBARGOED UNTIL: 0001 WEDNESDAY 27 NOVEMBER 2024

Pensions Policy Institute
PPI

“Rising inequality an early warning signal for stark differences in quality of life among pensioners.” says Pensions Policy Institute

The Pensions Policy Institute (PPI) is today publishing the fourth edition of the UK Pensions Framework in association with Aviva, this report **Red Sky in the Morning?** examines the link between rising inequality and the UK pension system.

The report includes evidence of risks that households face to retirement security from a combination of rising levels of inequality, and persistent gaps in pensions coverage and contributions. It concludes that the government’s Pensions Review comes at a critical time. While recent pension reforms have had important success however, there is more to be done and focusing on retirement income alone misses important and growing divides that have a material impact on living standards in later life.



Anna Brain, Senior Policy Researcher at the PPI said: “A common theme is occurring around pension saving and the living standards people have in retirement. On one hand, pension reforms like automatic enrolment and the new State Pension are helping to close historic savings gaps and lift retirement income among the poorest pensioner households. On the other hand, progress towards better retirement outcomes is under threat from risks that are emerging from differences in health, wealth, housing and work.

“**Across the UK, health inequalities are widening differences in the extent to which people can work and save for later life.** The share of working-age adults with a disability rose from 16% in 2012-13 to 23% in 2022-23, while the gap in life expectancy between the most and least deprived areas of the country reached ten years, and the gap in healthy life expectancy was 18 years. Health inequalities mean that it is harder for people from poorer backgrounds to work and save through a continuous career, while also adding pressure on those with longer lives to save more for retirement.”

“**The type of employment people have also remains a strong predictor of ability to save.** On average, workers with large employers have higher employer contributions and are more likely to save into a workplace pension than those with SMEs. At the same time, around 3 million workers fall below the age or income criteria for automatic enrolment, often because they work part-time, and fewer than one in five of the UK’s 4.2 million self-employed workers saves into a pension.”

“**Growing wealth gaps look set to further widen differences in living standards through retirement,** challenging important assumptions embedded in the UK pension system around home ownership and emergency savings. As those with the most assets benefit from the greatest gains in total wealth, rising asset prices are making it harder for people on lower incomes to move up the wealth ladder, buy homes and save for later life. Falling home ownership is a key consequence of these changes, and means that the proportion of households renting privately through later life is

Date of Issue: 26 November 2024 (under embargo)
X (formerly known as Twitter): @PPI_Research

PRESS RELEASE

EMBARGOED UNTIL: 0001 WEDNESDAY 27 NOVEMBER 2024

Pensions Policy Institute
PPI

expected to rise by 1.2 million to 1.7 million by 2040. Of these households, fewer than one in five will be able to afford the rent on even a modest home through retirement.”

“Overall, we know that the income and employment gaps we see across the population today will become the pension gaps of tomorrow. It follows, therefore, that we should treat changes to inequality and saving patterns as an early warning system that can signal widening differences in living standards ahead.”

“Findings from this report show that the UK pension system has reached a critical juncture. Determining where it goes next will depend on policies that can build on success, target at-risk groups, strengthen safety nets and reflect emerging risks associated with differences in wealth, health, housing and employment could help to manage the risks that people face. The Pensions Review will be critical to this process, and to maximising the considerable potential we have to further improve the living standards, wellbeing and experiences people have through later life.”



Michele Golunska, MD of Wealth and Advice at Aviva, said: “We’re delighted to support the PPI in delivering this important report, at a pivotal time for the future of UK pensions. We are reminded that tomorrow’s retirement challenges are shaped by today’s trends in health, wealth, housing, and employment.

At Aviva, our priority is to engage with our customers throughout their lives, to help them feel empowered and positive about their financial futures, but this can only happen if we, as an industry, keep pushing towards a truly fair and inclusive pensions system that works for all – today, and long into the future”.

~~ ENDS ~~

For further information please contact -

Danielle Elliott, Head of Membership & External Engagement (PPI)
07714 250 910, email: press@pensionspolicyinstitute.org.uk

Shelley Kernaghan
07985 731 279, email: Shelley.kernaghan@aviva.com

PRESS RELEASE

EMBARGOED UNTIL: 0001 WEDNESDAY 27 NOVEMBER 2024

Notes for editors

1. **We are an independent educational research charity: The Pensions Policy Institute (PPI)** does not lobby for any particular solution, and we are not a think-tank taking politically influenced views. The PPI is an educational research charity, and have been providing non-political, independent comment and analysis on pensions policy and retirement income provision in the UK for over 20 years. Our aim is to improve information and understanding about pensions policy and retirement income provision through research and analysis, discussion, and publication. For news and other information about The PPI please visit www.pensionspolicyinstitute.org.uk

FOLLOW US ON SOCIAL MEDIA

[Twitter](#)

[LinkedIn](#)

2. **The UK Pensions Framework** is produced in association with **Aviva**. Sponsorship has been given to help fund the research, and does not necessarily imply agreement with, or support for, the analysis or findings from the project.
3. **About the UK Pensions Framework:** The Framework is a strategic, multi-year project that aims to support and inform long-term policy making in the UK Pensions system. The project aims to provide a consistent and systematic approach to examining and simulating changes in **adequacy, sustainability** and **fairness** of pension provision in the UK State and private pension systems, which overall determine the financial security that people have in later life.

PRESS RELEASE

EMBARGOED UNTIL: 0001 WEDNESDAY 27 NOVEMBER 2024

Pensions Policy Institute
PPI

Aviva: We are the UK's leading diversified insurer and we operate in the UK, Ireland and Canada. We also have international investments in India and China.

We help our 19.6 million customers make the most out of life, plan for the future, and have the confidence that if things go wrong we'll be there to put it right.

We have been taking care of people for more than 325 years, in line with our purpose of being 'with you today, for a better tomorrow'. In 2023, we paid £25.6 billion in claims and benefits to our customers.

In 2021, we announced our ambition to become Net Zero by 2040, the first major insurance company in the world to do so. We are aiming to have Net Zero carbon emissions from Aviva's operations and supply chain by 2030. While we are working towards our sustainability ambitions, we recognise that while we have control over Aviva's operations and influence on our supply chain, when it comes to decarbonising the economy in which we operate and invest, Aviva is one part of a far larger global ecosystem. There are also limits to our ability to influence other organisations and governments. Nevertheless, we remain focused on the task and are committed to playing our part in the collective effort to enable the global transition. Find out more about our climate goals at www.aviva.com/sustainability/climate and our sustainability ambition and action at www.aviva.com/sustainability

Aviva is a Living Wage, Living Pension and Living Hours employer and provides market-leading benefits for our people, including flexible working, paid carers leave and equal parental leave. Find out more at www.aviva.com/about-us/our-people

As at 30 June 2024, total Group assets under management at Aviva Group were £398 billion and our estimated Solvency II shareholder capital surplus as at 30 September 2024 was £7.6 billion. Our shares are listed on the London Stock Exchange and we are a member of the FTSE 100 index.

For more details on what we do, our business and how we help our customers, visit www.aviva.com/about-us

The Aviva newsroom at www.aviva.com/newsroom includes links to our spokespeople images, podcasts, research reports and our news release archive.

You can follow us on: X: www.x.com/avivapl

LinkedIn: www.linkedin.com/company/aviva-pl

Instagram: www.instagram.com/avivapl

For the latest corporate films from around our business, subscribe to our YouTube channel: www.youtube.com/user/aviva