



**Embargoed until 00.01 Wednesday 25<sup>th</sup> November 2020**

## **Half of women approaching retirement are worried about running out of money in later life**

- **Proportion of over-55s worried about running out of money in retirement increases to over a third (34%) over the last year**
- **While concerns are rising fastest among men, working women remain the most anxious (48%)**
- **Women are also less likely to consider alternative sources of later life funding**
- **Almost half (48%) are worried about falling ill and having to pay for care**

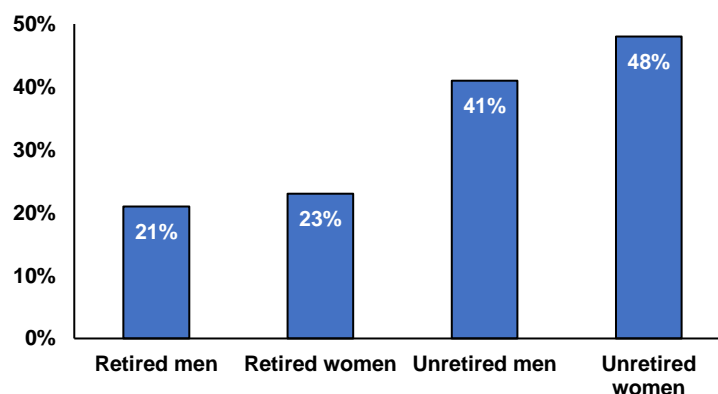
Women approaching retirement are facing a confidence conundrum: they are the most anxious about being able to afford a comfortable retirement yet are the least likely to consider alternative funding options to plug the gap.

A new report published today by the Equity Release Council (the Council) and Key – [Pension / Property Paradox: revisiting the retirement confidence gap](#) – looks at trends in older homeowners' retirement financial plans and confidence levels over the last year.

It reveals the proportion of homeowners aged 55+ worried about running out of money in retirement has increased to over a third (34%), up from 27% a year earlier<sup>1</sup>. Notably, these concerns are rising fastest among men, up nine percentage points over the last year to 32%. However, women who are still working remain the most anxious (48%) – the highest proportion of any group in the study.

The research also highlights that women feel they have less power over choosing when they can retire. Less than half (41%) women still working are confident they will be able to afford to choose when they retire, compared to a majority (56%) of men still working.

### **Proportion of people worried they will run out of money in retirement**



Low retirement confidence levels can be partly attributed to the wide gender pension savings gap<sup>2</sup>. Office for National Statistics (ONS) data shows the value of women's pension savings can be up to 40% less than men<sup>3</sup>, highlighting the struggle to maintain living standards in retirement.

This comes as the UK's economic decline triggered by the coronavirus pandemic has dented many people's hopes of achieving a comfortable retirement. Almost a third of women still working over

the age of 55 (29%) expect to have a less comfortable retirement than their parents. This compares to 21% of men aged 55+ who are yet to retire.

As concerns about health are weighing heavily in the current climate, the research found that 48% of older homeowners are worried about falling ill and having to pay for care, up from 39% a year earlier. Nearly one in four (24%) are worried about having to sell their home, up from 18% last year. Women are most affected by this concern (26% vs. 21% of men).

#### Indicators of retirement confidence among homeowners aged 55+

	Q4 2019	Q3 2020
Worried about falling ill and having to pay for care	39%	48%
Worried about running out of money	27%	34%
Worried about not knowing how much they are going to need in retirement	22%	27%
Worried about having to sell their home	18%	24%

The disruption to the UK labour market caused by coronavirus has acutely impacted older workers, as a record 90,000 people aged 50+ were made redundant between June and September 2020<sup>4</sup>. Steep income falls will hit older workers' retirement savings as they focus on paying for daily living costs<sup>5</sup>.

The research shows this is already starting to happen, as more than one in 10 (12%) women over the age of 55 have stopped saving altogether as a result of the pandemic, as have 8% of men.

#### Impact of the pandemic on older homeowners' savings habits

	All	Male	Female	Retired	Non-retired
I'm having to use up some of my savings to support myself	10%	10%	10%	7%	14%
I've had to stop saving altogether because I can no longer afford to	10%	8%	12%	5%	14%
I'm having to use up some of my savings to support family/friends	6%	5%	7%	5%	7%
I've had to postpone my plans to retire	4%	4%	3%	0%	9%

However, the findings also show that, despite greater concerns about the ability to fund retirement and lower pension savings, women who own their own home are less likely than men to consider using later life lending products – such as lifetime or retirement mortgages – as an alternative source of money to support their income in retirement (23% vs 31%).

**David Burrowes, Chairman of the Equity Release Council, comments:** “This research reveals that older women in work are experiencing an acute crisis in confidence about achieving a comfortable retirement.

“Women are faced with a disproportionately bigger challenge in building a nest egg for later life. This is driven by the perfect storm of longer life expectancies and gender differences in earnings, savings and working patterns. Yet despite this, women are also less likely than men to consider later life lending products when facing a retirement funding shortfall. A more holistic approach to financial planning is needed now more than ever, as an over-reliance on pensions alone will make it harder to maintain living standards in later life<sup>3</sup>.

“Looking ahead, there are important steps we can take to help strengthen people’s confidence ahead of retirement. Encouraging them to consider a range of funding options could improve their prospects of achieving greater financial security. The scale of untapped potential in the UK’s property wealth<sup>6</sup> is substantial and has an important role to play – but it is vital that consumers are supported to make decisions that will suit their needs in both the short- and long-term.”

**Will Hale, CEO at Key, comments:** “While retirement is generally viewed as something to look forward to – an opportunity to take a well-deserved break after a busy working life – today’s report suggests that for many people stopping work is a scary prospect fraught with financial concerns. Will I run out of money? How will I pay for care? How can I build up a big enough nest egg?

“All these concerns and more are being exacerbated by the impact of the current pandemic which has seen older consumers lose their jobs, stop saving and dip into the funds they have already set aside. Women who are disproportionately represented in hard-hit industries like hospitality and retail are already finding that their lower average salaries mean they are more financially vulnerable in retirement but both genders have been hit and are concerned about the future.

“Now more than ever it is important to take a holistic look at retirement finances and ensure that you are using all your assets to their full potential. For most over-55s, their home is worth more than their workplace pension so it is vital that this potential source of financial support in retirement is fully considered.”

– ENDS –

#### Notes to editor

#### Sources:

<sup>1</sup>**Methodology:** Research was developed by the Equity Release Council with support from Key, drawing on public data where indicated and independent research among 3,415 UK homeowners aged 55+ across two waves – the first by Censuswide in October 2019 and the second by Opinion Matters in September 2020.

<sup>2</sup>**Scottish Widows:** [Women need to work beyond 100 to match men’s pension pot](#)

<sup>3</sup>**ONS:** [Pension wealth in Great Britain: April 2016 to March 2018](#)

<sup>4</sup>**ONS:** [Redundancies by age, industry and region](#)

<sup>5</sup>**Institute for Fiscal Studies:** [The Coronavirus pandemic and older workers](#)

<sup>6</sup>**ONS:** [Early indicator estimates from the Wealth and Assets Survey: attitudes towards saving for retirement, pensions and financial situation](#), April 2018 to March 2020

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#### About the Equity Release Council

[www.equityreleasecouncil.com](http://www.equityreleasecouncil.com)

The Equity Release Council is the representative trade body for the UK equity release sector with over 550 member firms and nearly 1,350 individuals registered, including providers, funders, regulated financial advisers, solicitors, surveyors and other professionals.

It leads a consumer-focused UK based equity release market by setting authoritative standards and safeguards for the trusted provision of advice and products. Since 1991, over 500,000 homeowners have accessed over £30bn of housing wealth via Council members to support their finances.

The Council also works with government, voluntary and public sectors, and regulatory, consumer and professional bodies to inform and influence debate about the use of housing wealth in later life and retirement planning.

#### About Key

[www.keyadvice.co.uk](http://www.keyadvice.co.uk)

- Part of Key Group, Key is the UK's largest independent equity release adviser – committed to high levels of customer service and the belief that good advice is key to ensuring people make smart sustainable choices around how they use their housing equity.
- Last year, Key split its advice proposition into separate brands – Key Equity Release, offering fee free advice on more than 80 equity release products and The Equity Release Experts, which provides a whole of market service. This evolution is designed to offer customers real choice as to the service that's right for them without compromising on quality.
- With over 60 industry and consumer awards under their belt, the Key team offer advice on equity release, later life mortgages and retirement interest-only products. The company also provides support with estate planning including wills and lasting power of attorneys.
- Key is committed to putting customers at the heart of what it does and has a score of 4.8 / 5.0 from over 15,500 scores on the independent review site, Trustpilot.
- Key is committed to being independent, transparent and straightforward.