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# Inaugural Nucleus UK Retirement Confidence Index:

## The advice gap gets all the focus, but the planning gap also matters.

- Nucleus UK Retirement Confidence Index is 6.9 with a negative outlook
- Findings show planning drives considerable influence on retirement confidence
- 49% of people aged over 50 do not have a detailed retirement plan
- Only 16% of UK adults are 'totally confident' they have enough money to retire in comfort

Nucleus Financial Platforms, one of the UK's leading, independent, adviser platform groups, today launches the [UK Retirement Confidence Index](#).

The comprehensive study, the first of its kind, involved surveying more than 2,200 UK adults aged 50 and over by YouGov. It's based on responses to the central question of how confident those approaching or in retirement feel about having enough money to live on for the rest of their lives.

It reveals the confidence index is **6.9 out of 10**, with a negative outlook.

Although this 'score' is higher than some might have predicted, there's detail that indicates underlying sentiment points to challenges ahead for some groups of people who are less confident than others.

Planning significantly affects confidence. Just over half of respondents (51%) have a detailed plan for retirement. Only 20% have their plan in writing, but this doesn't seem to affect confidence (8.1 vs 8.0).

Those without a detailed plan have the lowest confidence (4.6). These results clearly indicate that planning is a key driver to people feeling positive about securing a rewarding retirement.

But despite the power of planning, half of UK adults (49%) approaching retirement don't have a detailed plan in place.

The negative outlook on the overall 6.9 index score reflects the rapid decline of defined benefit (DB) pension provision and inadequate defined contribution (DC) savings pots. It also speaks to more general concerns about the cost of living for 80% of respondents and inflation for 63%.

One of the most interesting findings in the report is that advice itself does not seem to have a material impact on the confidence of those people approaching or in retirement, though it is slightly higher for advised customers at 7.0 compared to a confidence score of 6.8 for those who have never taken advice.

### **Experience also boosts confidence scores**

The research also shows that people who have drawn on their pension savings report higher levels of retirement confidence than those who have not, regardless of whether they have taken advice. Those who have received advice and accessed their savings score 7.2, compared to 6.6 for those who haven't accessed their pension funds. Non advised participants of the survey who've accessed their pension pots score a confidence rating of 7.3 compared to just 5.7 for those with pensions untouched.

This may be explained by the fact that retirees have experienced the immediate and tangible benefits of their savings or perhaps feel buoyed by a lump sum. Although the concern here is that consumers' decision making may be short term and to the detriment of quality of life in later years.

Two thirds of respondents' report being 'confident' they will have enough to retire comfortably though just 16% are 'totally confident'. This sentiment is largely attributed to an absence of debt.

### **Risk appetite higher for advised consumers**

When looking at investment risk attitudes, the overall tendency is for people to take a very low level when it comes to investing for retirement, with a mean score of 3.2 out of 10. However, consumers who have had financial advice show the highest mean risk appetite at 3.9, indicating advised clients perhaps have a better or more informed attitude to risk.

Interestingly, the respondents with the highest retirement confidence score - those who have not received financial advice - have the lowest appetite for risk with a mean score of just 2.6. The implication here is that people are missing out on potential growth opportunities in their portfolio – through not engaging with advice – which may impact the size of their pension pot.

**Richard Rowney, Chief Executive Officer at Nucleus, said:** "Our purpose is to help make retirement more rewarding. To do that we need to understand how people at this stage of life feel and what influences their decisions.

"We firmly believe in the value of planning and advice, which is why we've invested in this study. We set out to learn more about how we can help people live fulfilling lives in retirement, and how we and others in the industry might address potential issues getting in the way."

**Andrew Tully, Technical Services Director at Nucleus added:** "Among the many interesting findings, the stand-out piece of data for me is that advice itself does not necessarily lead to more confidence, but planning absolutely does. What that tells me is that we should all perhaps be looking at the advice gap from a different angle.

"If we focus on taking actions that lead people to engaging with the planning process, advice, and implementation of products, if required, will naturally follow. That for me is a new way of looking at the problem of engagement."

He added: "We're pleased to see people saying they are more confident than we anticipated though we need to urge caution here, for two reasons. The first is that confidence does not necessarily equate to people making the best decisions when it comes to pension planning. So, we would always encourage people to seek out professional help if they can."

"And the second reason for caution is that we believe retirement confidence is very likely to reduce over time due to dwindling numbers of defined Benefit arrangements and an increase in reliance on inadequately funded Defined Contribution plans. Auto-enrolment has been a huge success in getting many more people to save for their retirement. But we can't stop there, the next challenge is to get more people saving more."

## 2023 UK Retirement Index: 14 things the sector should do

Platforms and other providers:

- **Make the pensions dashboard work:** the quality of data is key to empowering customers to act and make informed choices.
- **Free movement of pension funds:** yes, we need checks and protection from foreseeable harms, but they should be proportionate to the likely level of risk.
- **Better consumer communication:** clear, concise, and standardised plan information that anyone can understand, with easier access to information. There may also be some who recognise a need to act but simply don't know how to. One solution is to make the steps towards guidance and advice much clearer.
- **Championing financial advice:** commit to seeing through necessary service and technology developments, easing the advice process, and making professionals' lives simpler. The benefits of planning and advice can be life changing – but these must be promoted if they are to help shift the dial on advice take-up.

Advisers:

- **Clear communication of services and costs:** with so many variants of financial advice services, consumers cannot be expected to know the difference.
- **Embrace planning:** it's clearly vital to retirement confidence for consumers and holistic planning isn't always part of the financial advice process. It needs to be.

Regulators:

- **Highlight the benefits of regulated advice:** and the dangers of not seeking it.
- **Prioritising the real risks:** more focus on the immediate dangers and bad players, with more effective use of resources. Don't let the desire for a perfect outcome get in the way of a good customer outcome.
- **Target social media:** tough regulation, targeting the 'influencers' with heavy penalties.

Government:

- **Make a plan to increase pension saving:** most experts accept an 8% auto-enrolment contribution isn't sufficient. We should aim for contributions to start gradually increasing before 2027, fifteen years after the introduction of auto enrolment.
- **Make the pensions dashboard happen:** make it soon and make it effective. This will simplify and speed up the process of finding and consolidating pension funds. The same point stands for a solution to the small pots problem.
- **Clear, effective, and accessible communication and education:** about the need for retirement planning and the risks of not doing so.
- **Funding and promoting financial education in schools:** We need to normalise saving into a pension from as early an age as possible.
- **Stop the pension legislation merry-go-round:** pensions are a long-term arrangement, and the legislative process should reflect that. Setting up an ongoing Independent Pensions Commission to develop long-term proposals for pensions and savings policy would bring much-needed consistency.

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## About the research

The consumer research was carried out online by YouGov between 10 and 16 August 2023. The sample consisted of 2,208 UK adults aged 50 and over and who have pension pots or pension entitlements other than the State Pension.

The questionnaire covered a range of factors which play varying roles in driving retirement confidence up or down. These include type(s) of pension saved into, whether respondents have accessed their pension(s), whether they've taken advice, whether they've a plan for retirement, other assets available age gender employment status.

The lang cat, an insight, research and communications agency, specialising in financial services carried out the adviser and planner research interviews. They questioned advice professionals drawn from both their own adviser panel and the Nucleus Advisory Board.

The lang cat's panel consists of more than 1,300 advice professionals representing a cross-section of firms and role types. The Nucleus Advisory Board plays a crucial role in



planning and decision making across the business. Questions were structured around some key data findings to capture reactions, opinions and insight.

### About Nucleus

The Nucleus Financial Platforms group offers investment platforms and products exclusively to financial advisers, that ultimately help make retirement more rewarding.

Renowned for its SIPP expertise, James Hay Partnership has been working with larger financial advisory groups for more than 40 years, providing the means to administer pensions, savings and investments in a cost and tax efficient way.

Our award-winning platform Nucleus was founded in 2006 by advisers committed to altering the balance of power in the industry by putting the customer centre stage.

Curtis Banks is one of the UK's largest administrators of SIPP and SSAS solutions for customers and businesses. It is one of Europe's largest commercial property landlords, a specialist area for self-invested pensions. The business maintains a focus on providing high levels of technical support, robust service, modern technology and innovation.

Together we're one of the UK's leading, independent, adviser platform and product groups, with approximately £80 billion in assets under administration, helping nearly 6,000 advisers make retirement more rewarding for almost 250,000 customers.

To find out more visit: [www.nucleusfinancial.com](http://www.nucleusfinancial.com)