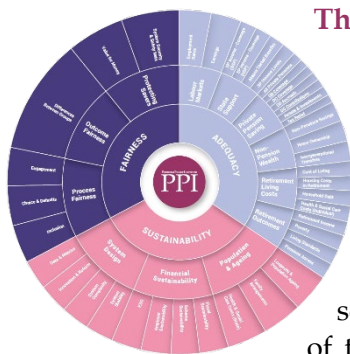


“Rise in private renting poses threat to future of UK pension system and retirement outcomes” says Pensions Policy Institute



The Pensions Policy Institute (PPI), in association with Aviva, is today publishing the results of research which simulates the potential impact of falling home ownership on financial security in later life, in a report titled **Renting in Retirement – The Fault Line Below the UK Pension System**.

The report marks the first time that the **PPI UK Pensions Framework** has been used to model the impact of a “what if” scenario on future retirement outcomes. Building on the success of the first full Framework analysis of the UK pension system in 2022, the report examines how outcomes related to adequacy, sustainability and fairness might deteriorate if patterns of home ownership seen among households aged 45-64 today are carried through to later life. This age group is often overlooked in discussions around accessing the housing ladder. However, the share of households in this group who own their own home has fallen to around three in five today, from around four in five households of the same age 20 years ago. With an average of just ten years to prepare for retirement, their options to redress their living arrangements are limited.



Anna Brain, Research Associate at the PPI said: “By 2041, up to 1.7 million or 17% of pensioner households could be renting privately through retirement. That’s more than three times as many households as today, of whom only a minority of those with the highest incomes might have the means to cover the cost of renting through later life. The increase is caused by years of falling home ownership and a shrinking social housing sector, which together mean that more people are approaching retirement without the secure and affordable housing tenure assumed of them in later life. The research uncovers two critical implications.

“First, its findings quantify the concerning scale of the risks that the rise in private renting could pose to future pensioners, many of which have not featured widely in recent policy debate. **By 2041, over one million more pensioner households could face a fall in disposable income or living standards because they had not planned to rent through retirement.** Most of these people look unlikely to accumulate the level of savings they need to cover both future rent and living expenses, and the scenario suggests that up to 400,000 more households could become dependent upon Housing Benefit to afford the cost of their home.

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“Second, results reveal that a series of increasingly outdated assumptions around how future pensioners work, live and save for retirement, is putting strain on the overall UK retirement income model, and on the very fabric of the UK pension system. The expectation that people will reach retirement with high rates of home ownership, supported by an adequate supply of social housing, is one of them. Behind this pressure, the experiences that people have of preparing for and living through later life are becoming more individualised. At the same time however, the range of threats to financial security that originate outside the pension system is growing. Many of these threats, including the housing scenario, cannot be mitigated by pensions alone. Instead, finding an effective way to tackle them will depend on promoting awareness of how wide-ranging risks might evolve from working into later life, collaboration across policy sectors, and most importantly, a holistic view of retirement.”



Michele Golunska, Managing Director for Wealth and Advice at Aviva said: “The findings from this report serve as an important reminder to the pensions industry that to ensure savers have the comfortable retirements they are working towards, we must consider their overall financial circumstances – which, of course, includes housing.

“We continue to find that pension savers feel they lack sufficient knowledge and the tools required to navigate their options in the run-up to and transition into retirement. This makes it more important than ever that they are empowered to make informed decisions about how to maximise later life income. Improving our understanding of differences in financial circumstances will help the pensions industry develop better solutions for savers.”

~~ ENDS ~~

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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
2. **The UK Pensions Framework Series** is produced in association with **Aviva**. Funding 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.



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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.

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