

PRESS RELEASE

FOR IMMEDIATE RELEASE - WEDNESDAY, 16 JULY 2025



Adequacy review 'cannot come soon enough' as pensions system stalls, PPI's UK Pensions Framework concludes

[The Pensions Policy Institute \(PPI\)](#), the independent educational pensions research institute, has published its [annual update to the UK Pensions Framework](#)⁽¹⁾, revealing performance in the UK pensions system has stalled, with Adequacy and Fairness remaining weak components of the Framework and the gap between Sustainability and Adequacy widening.

[The UK Pensions Framework](#)⁽²⁾, sponsored by Aviva, tracks and simulates how the UK pension system is performing against a set of core objectives, centring around Fairness, Adequacy and Sustainability, that determine the financial security people have in later life.

For the first time since its inception in 2022, the Framework Wheel has undergone a comprehensive refresh, with only 3 of its 41 indicators showing improvements, and another 3 weakening⁽³⁾. Each indicator contains quantitative and qualitative metrics that are used in combination to assign a score out of six. This is used to classify the extent to which outcomes are providing support for their system objective.

The key findings of the Pensions Framework 2025 are:

Indicators that improved:

- **(A4.2) Home Ownership** - Pensioners continue to have the highest levels of home ownership, while ownership rates among working-age individuals remain lower. However, housing affordability has improved since the peak of the affordability ratio during the COVID-19 pandemic, returning to levels similar to those seen around a decade ago.
- **(S2.1) Fiscal Sustainability** - UK public spending on State Pension and other pensioner benefits has risen at a slower rate than the total received in National Insurance Contributions (NICs) since 2015-16. Trends in spending in relation to NICs and Gross Domestic Product (GDP) suggest that measures designed to improve sustainability are beginning to take effect. This indicator is measured differently to the Office for Budget Responsibility's latest assessment on Fiscal risks and sustainability.⁽⁴⁾⁽⁵⁾
- **S2.2 Scheme Sustainability** - Schemes are well funded with the majority of DB schemes in surplus. The increase in members brought about by automatic enrolment has boosted the scale of DC schemes.

Indicators that weakened:

- **(A1.1) Employment Rates** - Employment rates are below record levels. The proportion of adult life spent in work has remained steady while life expectancy has edged upwards, meaning that today's workers must save relatively more during their working years to achieve the same retirement outcomes.
- **(A6.1) Change in Retirement Income** - Since 2020/21 there has been a reduction in net-incomes such that 2022/23 incomes (i.e. the latest full-year data) were at around the same level as 2017/18 incomes in real terms.
- **(S1.1) Longevity and Population Ageing** - Falling healthy life expectancy following the COVID-19 pandemic, along with an increase in economic inactivity and population ageing, signal a risk to pension system sustainability.

Dr Priya Khambhaita, Head of Policy Research at The PPI and Lead Author of the UK Pensions Framework 2025, said: "A pensions adequacy review cannot come soon enough. Performance in the pensions system has stalled since 2022, and key objectives—adequacy and fairness—continue to be weak. The second phase of the pensions review must consider more flexible structures that support adequacy, while avoiding adverse impacts on different generations and underpensioned groups.

PRESS RELEASE

FOR IMMEDIATE RELEASE - WEDNESDAY, 16 JULY 2025



"The reform agenda so far has focused on improving investment returns and stimulating economic growth. However, savers can only benefit from investment performance if they save early and consistently. To prevent ongoing missed opportunities, the focus must now shift toward adequacy."

Michele Golunska MD of Wealth and Advice at Aviva, commented: "We're pleased to once again support the PPI's important work through its latest UK Pensions Framework report. With major policy changes on the horizon through the Pension Schemes Bill, the industry has a unique opportunity to get ready for the future and to ensure the system works for every generation. At Aviva, we're committed to playing our part to drive meaningful action and focus our collective efforts to deliver a pension system that serves all who depend on it, today and in the years ahead."

ENDS

About The Pensions Policy Institute (PPI)

We are an independent pensions educational research Institute: 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

About 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 20.5 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 2024, we paid £29.3 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. While we are working towards our sustainability ambitions, we recognise that while we have control over Aviva's operations and influence over 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 system. 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 31 December 2024, total Group assets under management at Aviva Group were £407 billion and our estimated Solvency II shareholder capital surplus as at 31 March 2025 was £7.6 billion. Our shares are listed on the London Stock Exchange and we are a member of the FTSE 100 index.

PRESS RELEASE

FOR IMMEDIATE RELEASE - WEDNESDAY, 16 JULY 2025



- 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. [Sign up](#) to get the latest news from Aviva by email.
- You can follow us on:
 - X: www.x.com/avivapl
 - LinkedIn: www.linkedin.com/company/aviva-plc
 - Instagram: www.instagram.com/avivapl/
- For the latest corporate films from around our business, subscribe to our YouTube channel: www.youtube.com/aviva

Media contact

Sam Eccles, External Relations Officer, PPI

E: press@pensionspolicyinstitute.org.uk

M: 07786795961

Note to Editors

1. [The UK Pensions Framework 2025](#) 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.
2. [The UK Pensions 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.

Its 41 indicators cover a range of domains including housing, income, health, and employment. The indicators are categorised under a sub-set of strategic system objectives - adequacy, sustainability and fairness. Each indicator contains quantitative and qualitative metrics that are used in combination to assign a score out of six. This is used to classify the extent to which outcomes are providing support for their system objective.

3. Infographic of the Framework Wheel for 2025 can be [downloaded here](#).
4. [The Office for Budget Responsibility, Fiscal risks and sustainability – July 2025, 08/07/25](#)
5. The Office for Budget Responsibility assumes the continuation of the triple lock policy and forecasts its associated costs. In contrast, the fiscal sustainability measure in the Framework focuses on recent trends—such as increases in the State Pension age and the faster growth of National Insurance Contributions relative to State Pension spending—which suggest improved sustainability of pensioner benefit spending in recent years. The Framework’s measure does not project future pensioner benefit spending, future National Insurance contribution levels, or the longevity of the triple lock policy.