Pensions Policy Institute
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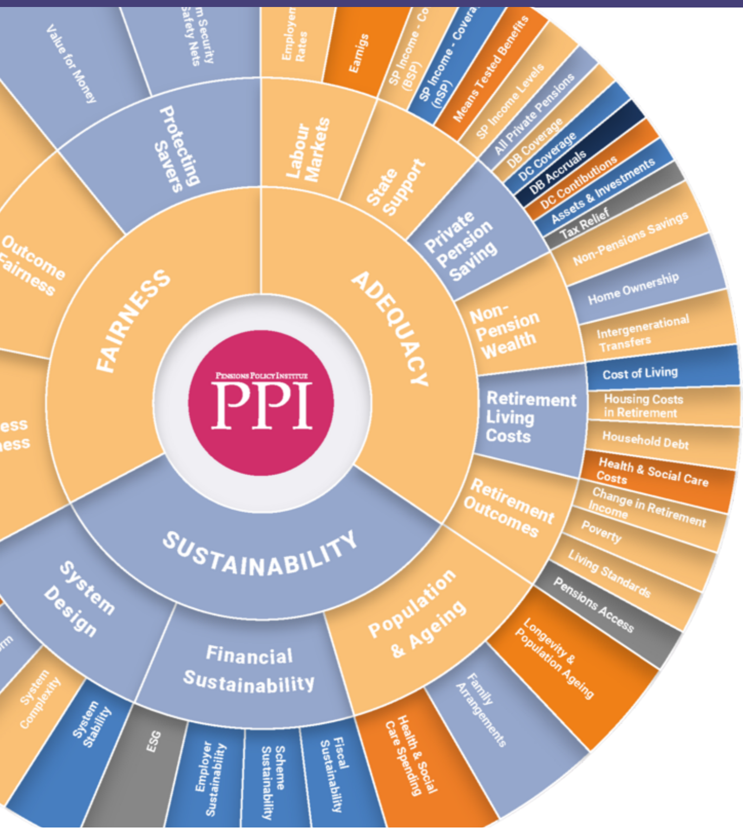
The 2025 UK Pensions Framework

Progress Required for Adequacy: Generational Pressures and Policy Gaps



Pressing need to act as refreshed Pension Framework shows no material progress since 2022.

The UK Pensions Framework tracks and simulates how the UK pension system is performing against a set of **core objectives** 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. We have found that:

- Only 3 of 41 indicators have upgraded.
- Another 3 out of 42 indicators have downgraded.
- The remaining 35 stayed stable.

A4.2 Home Ownership
S2.1 Fiscal Sustainability
S2.2 Scheme Sustainability

A1.1 Employment Rates
A6.1 Change in Retirement Income
S1.1 Longevity and Population Ageing

Pensions in Perspective: Time for a Generational Lens

In addition to a thorough analysis of the results of the Indicator refresh, this report focuses on **barriers, enablers, and shortcomings** within the system as experienced by different **generational groups**.

Baby Boomers — 1946 - 1965

- Making retirement savings last in an era of longevity and declining healthy life expectancy
- Underutilisation of entitlements (eg. Pension Credit, housing benefits)
- Limited support around decumulation

Generation X — 1966 - 1980

- At greater risk of falling short on retirement savings and may benefit from additional support
- Saving against the clock, caught between missing out on DB pensions and joining AE too late to fully benefit
- Fragmented work patterns and pension pots
- Caring responsibilities, especially affecting women's accumulation of pension savings

Millennials — 1981 - 1996

- Competing financial pressures limit pension saving (high housing costs, childcare, etc.)
- High housing costs delay or prevent home ownership, undermining long-term financial security and increasing reliance on future pensions.
- Lack of awareness over how taking time out for childcare or caring can affect pension wealth

Generation Z — 1997 - 2012

- Young workers often miss out on auto-enrolment due to current age and income thresholds
- Low financial literacy and weak engagement with long-term saving
- More varied and flexible career paths

Priority Policy Actions required for each group

- **Baby Boomers** - the key priority is how best to convert their pension pots into a sustainable retirement income.
- **Generation X** - key priorities are increasing contributions during remaining accumulation years, maximising investment returns, and using dashboards to better manage retirement readiness.
- **Millennials** - need support to prioritise VfM in accumulation through strong investment returns, alongside higher contribution rates and easy-to-use dashboards for managing pensions.
- **Generation Z** need support to enter the labour market, which is essential for inclusion in the pension system. Contribution rates that lead to strong replacement rates are crucial to help them accumulate sufficient retirement funds.

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 are consistently building sufficient pension pots. Missed opportunities for early and sustained saving mean the focus must now shift decisively toward adequacy.