

Ambitious young savers want to retire early but would need to increase pensions savings by 15% to reach their goal

- Almost a fifth of people aged between 22-32 (17%) hope for an early retirement before the age of 60, while 70% think they will retire before the current state pension age
- Ambitious young savers would need to increase their workplace pension contributions by nearly 15% on average to meet their goal
- The power of compound growth could be the key to achieving retirement ambitions – putting just £30 more away a month could result in £100,000 more in the eventual pension pot of the average 22 to 32-year-old
- To find out more about how you can start planning for retirement in your 20s, visit Legal & General's [Lost Decade](#) guide to pension contributions

New research from Legal & General Retail has found that almost a fifth (17%) of young savers (those aged 22-32) hope for an early retirement before the age of 60¹, with 70% expecting to retire before the current state pension age of 67.

Young workers have high hopes for an early retirement

Based on new modelling from Legal & General, young savers would need to be adding a further £312 a month on top of the average 8% contributions to their workplace pensions to meet their retirement goal². This represents an additional 14.25% of monthly income committed to a workplace pension.

To retire by 67, the current state pension age, these younger savers would still need to be contributing an additional 3.5% to their workplace pension, amounting to a further £72.50 a month, even with a state pension boost of £10,600 per year upon reaching retirement³.

Small changes can make a big difference

Putting away an additional £312 a month in pension contributions is out of reach for most young savers, however the power of compound growth means that even small changes made early can have a significant impact on people's retirements. Putting just £30 extra away a month from the age of 27 could see someone with £100,000 more in their pot by the time they reach the current state pension age.

“The most powerful tool young people have on their side is time. While retiring before 60 is still unlikely for most, putting even a little more money aside early in your career is still a good approach which will allow you to set yourself up for the best possible retirement.

“Auto-enrolment has been a huge success, which has prompted millions more people to start saving. However, we might want to consider further changes that will ensure people have enough set aside to guarantee an adequate income in retirement. The announcements in last week's Autumn Statement do not directly address the pressing issue of adequacy – people are simply not saving enough to meet their aspirations for retirement. Increasing the minimum

contribution rate to 12% would give most savers the means to retire at 67 with a moderate standard of living, according to our modelling.”

Katharine Photiou, Managing Director of Workplace Savings at Legal & General

To help guide young people on everything they need to know to manage their money in their twenties and early thirties, Legal & General have recently launched a range of resources. Its new TikTok account [@legalandgeneral](#) provides bite-sized money guidance. Meanwhile, the new podcast [A Little Bit Richer](#), launched in September, and covers everything from making sense of your payslip, to mortgages and pensions, to financial wellbeing and mental health. This can be downloaded from Legal & General’s official site or through your preferred podcast listening app.

-ENDS-

Notes to editors

¹Opinium Research conducted 2,000 online interviews of people aged 22-32 between the 15th and 29th August 2023

²Analysis based on the following research and assumptions:

- CPI = 3%
- Salary assumed to increase with CPI inflation +1%
- LEL and UEL in place and assumed to increase with CPI inflation
- Median male salary at age 27 = 35,000
- Median female salary at age 27 = 25,000
- Investment return on pension pot, assuming broad 60/40 asset split, (7% p.a.)
- Assume basic rate tax payer, and personal tax allowance of £12,570, increasing with CPI inflation
- Annuity rate at 67 interpolated from information available at this source for ages 65 and 70: <https://www.hl.co.uk/retirement/annuities/best-buy-rates>
- Based on single life, RPI, 5-year GMPP

³State pension of £10,600pa, escalating with CPI inflation

⁴Savers aiming for a retirement income of £23,300 (adjusted for inflation) allowing for a “moderate” standard of living for a single person according to the PLSA’s [Retirement Living Standards](#)

About Legal & General

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**as at HY 2023*

About Legal & General Retail

Legal & General Retail helps create brighter financial futures for all our customers. The division covers the savings, protection and retirement needs of our c.13 million retail policyholders and workplace members.

In 2022, we had total individual annuity sales of £954 million, and issued £632 million of Lifetime Mortgages and Retirement Interest Only Mortgages. Our Workplace pension platform served 4.9 million members, while our Protection businesses gave peace of mind to more than 6.3 million UK life insurance, 1.8 million group and 1.5 million US customers, taking in £3.1 billion of gross written premiums.

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