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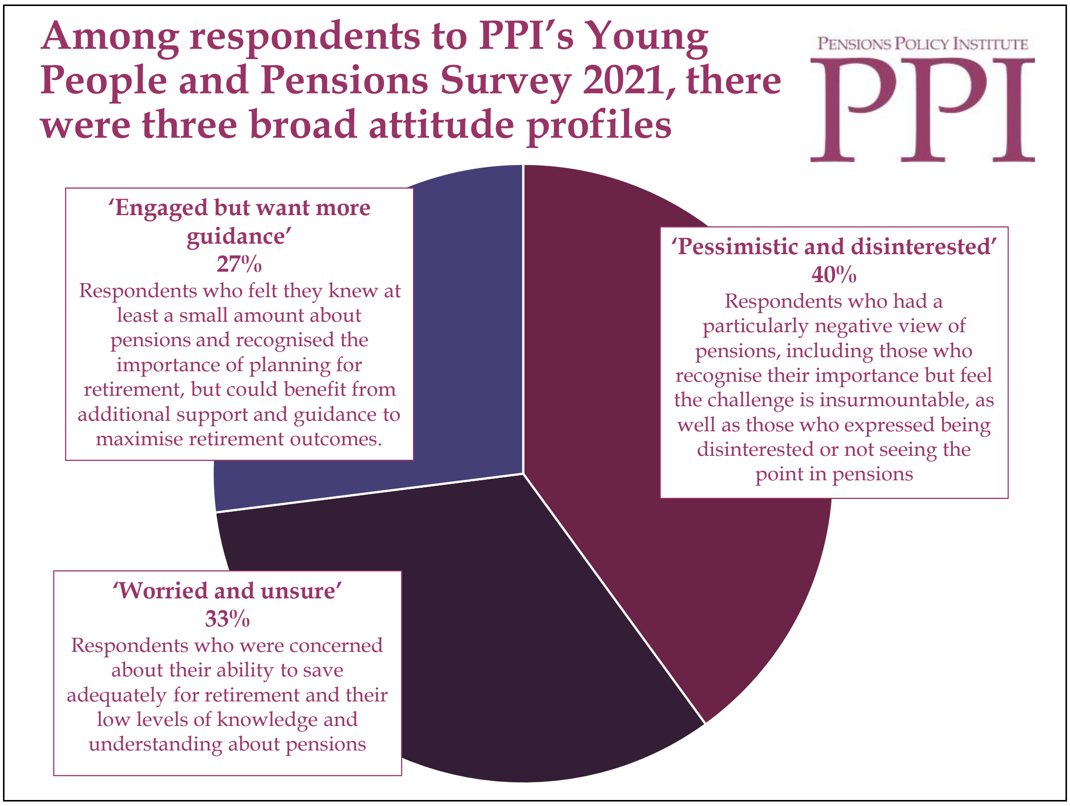
"Efforts to increase young people's engagement with pension saving must recognise that they are not a homogenous group" says Pensions Policy Institute

The Pensions Policy Institute (PPI) yesterday published the second Briefing Note in its Future Life series: *How can younger people be supported to achieve adequate retirement outcomes?* This Briefing Note, which was supported by data from PPI's Young People and Pensions Survey 2021, explores the way in which people currently aged between 18 and 35 are preparing for later life and retirement, the way their expectations for retirement differ from previous generations of savers, and the specific challenges they face in preparing for adequate retirement outcomes.

Analysis of the survey data revealed that young people are not a homogenous group, with some feeling hopeful and even confident, while many more associate negative feelings with pensions and retirement planning (Chart 1).

Chart 1



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In order to achieve positive retirement outcomes, young people need education from earlier ages about pensions and financial planning more broadly. This could be most effective if implemented early, for example from school onwards, followed up by additional support from employers. 93% of respondents to PPI's Young People and Pensions Survey said that they think financial and retirement planning should be taught as a mandatory subject.

Lauren Wilkinson, Senior Policy Researcher at the PPI said "Young people in all of these groups could benefit from greater support from educators and employers. However, efforts to further engage and educate younger people about pensions need to reflect these differences in knowledge and attitude towards retirement planning, rather than treating young people as a homogenous group. Most young people recognise the importance of pension saving but need support to become more engaged and knowledgeable in order to make appropriate decisions about contribution rates that will enable them to achieve adequate retirement outcomes later in life. The industry has done a lot of work to develop education and guidance as people approach retirement, but there is not currently much support for those at the beginning of their saving journey. Although pensions are complex, many young people have not received any targeted education or guidance, and levels of financial literacy and capability are relatively low, especially among younger people. There is clearly more work to be done engaging and educating young people as early as possible, while also recognising the importance of pitching this at the right level to minimise the risk that increased engagement could lead to an increase in those making less optimal active choices."

This Briefing Note was kindly sponsored by Capita Pension Solutions

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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, which provides non-political, independent comment and analysis on policy on pensions and retirement income provision in the UK. Its aim is to improve the information and understanding about pensions policy and retirement income provision through research and analysis, discussion and publication. News and other information about The PPI is available at www.pensionspolicyinstitute.org.uk and via Twitter: @PPI_Research.

2. **20 Years of shaping Pensions Policy** – 2021 is the PPI's 20th Anniversary Year. We have now been analysing policy and future trends for 20 years.

A Pensions Policy Institute Briefing Note

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