Press release

Economics Department

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Half now expect to keep earning in retirement as savings crisis shows no sign of recovery

- 54 percent of Brits now expect they will need to keep earning in retirement
- 58 percent of these expect this will be through the gig economy or temporary employment
- Just a third (32 percent) of those not yet retired expect to have the same standard of living in retirement
- Fintech does not yet appear to be having a large influence on investing, with fewer than one-in-five (15 percent) in the UK having used a mobile app to make an investment

Half of people in Britain now anticipate they will have no choice but to keep earning during retirement, with more than half of these (58 percent) expecting to turn to the gig economy or temporary work.

These were the findings of global bank ING, which published its eighth ING International Survey on Savings today. The study of 14,695 respondents in 15 countries including 1041 Brits, suggests that the notion of a 'traditional retirement' is fast becoming obsolete, with one-in-five (20 percent) of those not yet retired believing they will retire after the current state pension age of 65, which itself is rising to 66 from March 2019 and to 67 between 2026 and 2028 [(1)]. Indeed, an additional 13 percent believe they will work for the rest of their lives.

These stark expectations of the need to continue earning in retirement come despite relatively high consumer awareness of the pitfalls of inadequate retirement savings, with 58 percent of Brits not yet retired, worried about whether they will have enough money in retirement.

ING's findings also suggest that despite the excitement around fintech, just 15 percent of people in the UK use mobile apps for making investments, while 19 percent use them to view long-term investments. Of these, many say the impact has been positive, with 29 percent viewing them more often, a third (32 percent) reporting "better performance", and nearly half (43 percent) saying they feel "more confident" viewing investments this way. But mobile apps are more likely to be used for spending or transferring money (50 percent), indicating that driving the development and uptake of tools that can positively impact long-term savings remains an opportunity.

Jessica Exton, Behavioural Scientist at ING, said: *"These findings shine a light on the true extent of the problems many face in reaching long-term savings goals. Most people in the UK report that they track their day-to-day spending in some way, but many still agree they face financial challenges, such as expecting to need to earn in retirement. And this is not a problem confined to the UK. Long-term planning is difficult when many are also facing short-term savings challenges, a trend seen across all countries surveyed.*

"Increased focus on the tools we use to monitor spending and how they influence our behaviour may help to address savings hurdles and support planning for retirement. Given the uptake of spending and transferring apps, compared to those for making or viewing investments, building positive financial habits through the use of technology may lie in day-to-day support, rather than facilitating longer-term planning. We need technology to back behavioural change if we are to truly shift attitudes towards retirement savings."

James Knightley, Chief International Economist at ING, said: *"In the ten years since the peak of the global financial crisis the cost of living, as measured by UK consumer price inflation, has gone up by nearly 25%, yet wages have risen only 21%. This squeeze on spending power explains much of the pessimism in the survey, which is then compounded by a sense of less job security and less generous private pension provision relative to previous generations. Nonetheless, wage growth is now picking up and if Brexit goes smoothly we could see the pound respond positively, helping to keep a check on inflation. More clarity for business may also encourage firms to hire permanent rather than temporary staff. We will have to wait and see if this translates into a more positive outlook in the coming year."*

(1) https://www.ageuk.org.uk/information-advice/money-legal/pensions/state-pension/changes-to-state-pension-age/

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About the research
The ING International Savings Survey was conducted by Ipsos using internet-based polling. Fifteen countries were surveyed: Austria, Belgium, Czech Republic, France, Germany, Italy, Luxembourg, the Netherlands, Poland, Romania, Spain, Turkey, the United Kingdom, Australia and the United States of America. Polling took place between 17 October and 2 November 2018. The full report is available at www.ezonomics.com/iis and www.slideshare.net/ING

The ING International Survey is produced several times a year by ING eZonomics. It is about money and life - combining ideas around financial education, personal finance and behavioural economics to produce regular and practical information about the way people manage their money - and how this can affect consumers' lives.

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