Pennymatters
THE MODERN APPROACH TO FINANCIAL ADVICE

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What I wish I'd known before I retired

Nearly a third of retirees say their standard of living is worse than before retirement

Retirement is often imagined as a chance to relax, travel and spend more time with family and on hobbies. However, new research suggests the reality can be more financially demanding than expected. Nearly a third (31%) of retirees say their standard of living is now worse than before they retired, compared with 20% who say it has improved[1].

The research also highlights a gap between expectations and reality. Nearly one in five (17%) retirees underestimated how much money they would need, while 16% did not expect retirement to last as long as it has. With people living longer, retirement savings may need to stretch across several decades, making it important to consider not only how much you save but also how those savings will support you over time.

LEARNING FROM RETIREMENT REALITIES

Many retirees say they wish they had acted sooner. Three in ten (30%) regret not saving regularly during their working lives, while 29% wish they had started pension saving earlier. A further 16% wish they had planned more thoroughly, and 14% regret not making better use of pension tax benefits.

However, saving consistently is not always straightforward. Having children had the greatest impact on retirement savings for 15% of retirees, followed by divorce (10%) and redundancy (9%). Wider events, including inflation, market uncertainty and the pandemic, can also disrupt carefully laid plans and make it harder to maintain regular contributions.

MAKING SAVINGS LAST

Building a pension is only part of the challenge. Around one in eight (12%) retirees wish they had better understood how to convert their pension savings into an income, while a similar proportion regret spending too much too early.

The transition from saving to spending can be particularly difficult. People may be accustomed to a regular salary, so deciding how much to withdraw from a pension pot while ensuring it can support them in the long term requires careful thought.

CREATING A SUSTAINABLE INCOME

Understanding what you have is an important first step. Reviewing pension arrangements, including any pots accumulated with previous employers, can help you establish which resources are available and how they could support your retirement. This can also highlight any gaps that may need addressing before you stop work.

It is also worth considering the lifestyle you want and what it may cost. Whether your priorities are covering essential bills, travelling, helping family or spending more time on hobbies, having a realistic picture of future spending can help shape your retirement income strategy.

PLANNING FOR THE LONG TERM

How pension savings are converted into income can be as important as how much has been saved. Combining flexible income with guaranteed income, such as an annuity, could provide greater certainty for essential spending, depending on your circumstances. Seeking professional advice will help you understand the options and their potential implications.

Retirement planning should also evolve over time. Regularly reviewing withdrawals, investments and personal circumstances can help ensure your plans remain appropriate. Unexpected costs, shifting priorities and market conditions can all affect how long savings need to last.

TAKING ACTION BEFORE RETIREMENT

The lessons from today's retirees highlight the value of starting early, saving consistently and understanding how pension savings will be used. Even modest regular contributions can benefit from tax relief, employer contributions and potential long-term investment growth. Reviewing your plans at key life stages can also help you adapt as circumstances change.

While nobody can predict exactly how long retirement will last or what the future economy will look like, preparing for different scenarios can provide greater financial confidence. Understanding your pension, setting realistic expectations and seeking help where needed can all make the transition from work to retirement easier to navigate. ■

ARE YOU PLANNING FOR A MORE CONFIDENT RETIREMENT?

Retirement planning can feel complex, particularly when it comes to deciding how much you need and how to make your savings last. If you are approaching retirement or would like to review your pension and retirement plans, please contact us for further information and professional financial advice tailored to your circumstances.

Source data:

[1] Research conducted by the Phoenix Group for Standard Life plc, alongside the launch of its 'For the life we live' campaign focused on retirement and financial planning. The supporting research comprises an Ipsos survey of 6,000 UK adults conducted in June 2025 and Opinium research among 4,000 UK adults conducted in January 2026, with both studies weighted to be nationally representative.

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