Financial Resilience Report 2025

Another year of pressure

Introduction

Welcome to our **Financial Resilience Report 2025 – Another year of pressure**, in which we explore how people are continuing to cope with high costs and bills more than three years after the onset of the cost of living crisis.

Since 2022, we've been tracking and gathering a wealth of data on how rapidly changing prices, bills and interest rates are affecting people's finances and behaviour.

Using online surveys with a nationally representative sample of over 4,000 UK adults, we conducted research[1] every six months throughout 2022 and 2023 to understand the pressures that higher costs posed. From 2024 onwards, as the crisis entered a new phase, we moved to annual tracking, focusing on the impact of ongoing higher costs on people's longer-term finances and plans.

While we may no longer be in the 'crisis' phase, the financial strain on households remains. Essentials like energy, food and housing still cost significantly more than they did three years ago.

Since our last report, inflation has continued to fluctuate, standing at 2.8% in the 12 months to February 2025 (when we started this wave of research), having reached a high of 3.4% in February 2024 and a low of 1.7% in September 2024[2].

Meanwhile, the Bank of England base rate fell from a 15-year high of 5.25% at the start of 2024 to 4.5% in February 2025. This was welcome news to those with a variable rate mortgage or other borrowing linked to base rates, although it didn't directly affect the majority of mortgage borrowers who have fixed rate deals. Energy prices, while not fluctuating to the degree they have done in the recent past, have remained relatively high, even though they were lower in February 2025 compared to a year earlier.

All of this doesn't just affect how people spend money on a daily basis. It also impacts their future financial resilience and influences how much they can save, whether for emergencies, long-term goals or retirement.

Higher costs affect different demographics in different ways. The fact that we have consistently used a large sample size of 4,000 UK adults for this research means we've been able to assess the impact on various groups over the years. This time, we focus on how single-adult households, mid lifers, higher earners and those approaching retirement have been faring in the last 12 months.

"Higher costs and bills aren't just squeezing day-to-day budgets – they are also affecting people's ability to save, their retirement plans and their future financial resilience. While some indicators show people's finances are not as badly affected as they were in previous years, they have not recovered to the extent that we might have hoped, especially when it comes to short-term savings."

Sarah Pennells, Consumer Finance Specialist

1 All figures, unless otherwise stated, are from YouGov plc. Total sample size was 4,003 adults. Fieldwork was undertaken between 26 February and 5 March 2025. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

2 As measured by the Consumer Prices Index (CPI).

Summary

We carried out our latest research from the end of February to the beginning of March 2025, asking our respondents how the persistently high cost of living is affecting their daily spending as well as their longer-term financial resilience.

The results provide us with meaningful year-on-year comparisons and insights into people's experiences and behaviours since our first Financial Resilience Report in 2024. While some markers of financial resilience have noticeably improved in the last 12 months, others have only shifted slightly or only for certain groups.

As was the case last year, we found that the vast majority of people saw an increase in their basic bills (such as food and energy). The only exception was housing, where this year 27% said costs had not increased or had fallen (compared to 21% in 2024).

There was a slight, but welcome, decrease in the percentage of people who said their financial resilience (the ability to cope financially with a life shock, such as an unexpected bill or job loss) had been affected over the last 12 months. It fell from 55% in February 2024 to half of our respondents (50%) this year. Similarly, there was a slight fall in the number of people describing themselves as being in financial crisis, namely, unable to pay their bills, compared to last year (2% of adults in 2025 compared to 3% in 2024).

People's lack of short-term cash savings has – worryingly – stayed consistent over the last two years, with one in five people (20% in 2025 compared to 19% in 2024) telling us they have less than £100 in cash savings. With little or no cash put aside, they continue to be vulnerable to rising costs, as well as any unexpected expenses that could arise.

Turning to longer-term financial resilience, in February 2024, three quarters (75%) of adults told us that their retirement savings and plans had been affected by the higher cost of living. This year, it has fallen significantly to 43%. This could be interpreted as people starting to feel their pension plans are getting back on track or even that they believe they have time to make up any shortfall. However, given that most people (69%) don't know the value of their pension pots or have not considered in the last year how much money they may need in retirement (52%), this result could reflect a lack of awareness rather than any real improvement.

A year on from our last Financial Resilience Report, there are some tentative signs of a recovery in financial resilience, but the full impact of the cost of living crisis and ongoing high bills remains unclear. Many people still lack financial security and, understandably, continue to focus on covering day-to-day expenses rather than longer-term savings and investments. This could result in them having to make serious compromises later in life, particularly in retirement.

The solo living premium

Single-person households represent a growing demographic in the UK. They exhibit distinct spending and saving behaviours and, given their reliance on a single income, are particularly vulnerable to rising costs and other financial pressures.

Key insights

- Single-person households are more likely to be overdrawn at the end of the month.
- They have lower levels of savings than UK adults as a whole.
- Solo dwellers contribute less to their retirement savings and have smaller pensions.

The rise of single-adult households

Data from the Office for National Statistics (ONS) reveals that between 2013 and 2023, the number of single-person households grew faster than the overall UK population, to 8.4 million (three in ten households). ONS figures also show that the number of adults who have never married or been in a civil partnership rose to 37.9% in 2021 from 26.3% in 1991, in part due to the increase in couples living together.

Not everyone who lives alone is single, but many are. Our research shows that half of those who live alone are single, while 37% are divorced, separated or widowed. Only 1% are married and 10% are in a relationship but do not live with their partner. This section examines both single people and those who live alone.

Age-related trends

Our data reveals that almost one in four (23%) adults lives alone, with the percentage rising with age: 17% of those in their 20s (18-29), almost one in four of those in their 60s (24%) and nearly four in ten (38%) of those aged 80+.

While 21% of people describe themselves as single, which is comparable to the percentage of those living alone, the distribution by age is very different. Only 2% of 80+ year-olds describe themselves as single, compared to almost half of those in their 20s (49%).

Household costs rising

The Bank of England base rate fell from 5.25%, since our last wave of research in February 2024, to 4.5%, in February 2025, but the reduction hasn't necessarily led to lower housing costs for people living alone.

More people in these two groups rent than own their homes, so rising rental costs have a greater impact. Almost four in ten (39%) single people rent, compared to 13% of married couples or civil partners. This figure is similar among (typically, older) people living alone, where 37% rent.

Over seven in ten renters (71%) said their housing costs had risen in the 12 months to February 2025; by an average of £233 a month. Those renting privately experienced an increase of £304 a month with housing costs rising by an average of £159 a month for local authority or social housing.

Among the minority of singles (18%) and single-person households (21%) who have a mortgage, monthly costs are higher for many than a year ago. Across the whole sample, over half (53%) of mortgage borrowers said their housing costs had increased in the last year by an average of £327 a month. Among single mortgage borrowers, the rise was £252 a month with those living alone paying £298 a month more.

Renters faced smaller monthly increases in housing costs than mortgage holders across the whole sample. However, mortgage borrowers earn considerably more than renters – £42,833 a year compared to £26,705 on average. People living alone, by definition, rely on one income, so any rise affects their finances disproportionately.

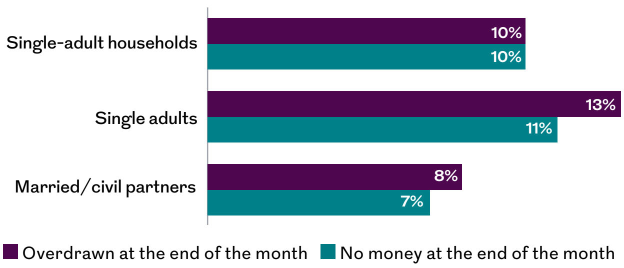
Squeezed budgets

Since 2023, we have tracked how much money people have left after paying their bills, but before saving. Overall, it is an improving picture.

However, singles are more likely to be overdrawn or have no money left than married couples. Of those who are single, 13% report being overdrawn and 11% have no money left at the end of the month, compared to 8% overdrawn and 7% having no money left for married couples and civil partners. For single-adult households, 10% were overdrawn at the end of the month, and 10% reported having no money left at the end of the month.

Being overdrawn or having no money at the end of the month doesn't just affect day-to-day spending decisions, but also someone's ability to save, for the short and long term, and it can increase anxiety levels. Over a third of UK adults (36%) feel anxious thinking about their household finances, compared to 44% of single people and 37% of those living alone.

% overdrawn/no money at the end of the month



Smaller savings pots

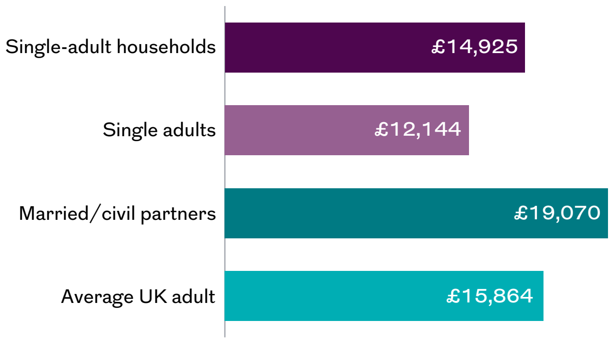
Having a savings buffer can help you avoid borrowing for unexpected bills and, depending on the amount saved, cover expenses if you're unable to work. However, unsurprisingly, those living alone and single adults have less saved, on average, than UK adults.

The average cash savings pot for UK adults is £15,864, rising to over £24,122 for those aged 60 or over. But for those living alone, the average is £14,925. It's £12,000 or less for the under 60s; only those aged 60 or older have savings above the sample average.

Singles have an average of £12,144 saved compared to £19,070 for married individuals or civil partners. Worryingly, almost one in four single people (24%) and one in five of those living alone (19%) have no savings at all. A further 4% of singles have less than £100.

If faced with unexpected events, such as job loss, illness or bereavement, single people and those living alone face a dual challenge: a smaller savings safety net and higher living costs.

Average cash savings



Locked out of housing wealth

As single individuals and those living alone are less likely to own their own home, they miss the opportunity of accumulating wealth through property. Our data shows that only 22% of single individuals own their home outright, compared to 53% of married couples and civil partners. Fewer than one in five (18%) singles have a mortgage, compared to a third (33%) of married couples or civil partners. Almost nine in ten couples (86%) are homeowners compared to just 39% of singles.

The difference is less pronounced for single-person households, but a housing wealth gap still exists. Almost seven in ten UK adults (68%) are homeowners (39% own outright, 28% with a mortgage), but among adults living alone, only 61% own their homes (40% outright, 21% with a mortgage).

Lower contributions, smaller pensions

Single people contribute less towards their retirement savings than married couples, paying 6.2% of their salary into their pension compared to 7.8% for married individuals or civil partners. This may be because single people are more likely to be younger and in the early stages of their careers.

The data also reveals a significant gap in the amount built up in pensions by singles and couples. Many people we surveyed don't know the value of their defined contribution pensions (69% across the whole sample). However, of those who do, single adults have defined contribution pensions worth £30,465, on average, compared to £96,789 per person for married individuals or civil partners and £68,062 for UK adults overall. Adults who live on their own have an average of £42,993 in their defined contribution pensions.

Affordability is a major barrier to saving, especially for those living in areas with high housing costs. Furthermore, people who believe they are not saving enough for retirement or find it difficult to save may disengage from pension and retirement planning. Only three in ten single individuals and 40% of those living alone have considered how much they may need in retirement in the last 12 months. This compares to half (50%) of married couples or civil partners. Among UK adults, the figure is 40%.

Tips to build financial resilience

1. **Cut day-to-day bills.** Find out what discounts you may be entitled to. A 25% Council Tax discount is available for households with one adult but also for those living with, for example, children under the age of 18 or full-time student doing a degree-level or postgraduate course.
2. **Build a savings safety net.** Living alone can make saving harder, but without a financial cushion, unexpected bills or periods of unemployment may lead to high-interest borrowing.
3. **Plan for the future.** Consider when you want to retire and what your retirement would look like. Check your State Pension forecast on GOV.UK or on the HMRC app and review your workplace or private pension at least once a year. Ask your employer if they offer 'contribution matching', where they match your contributions over the standard amount, pound for pound, up to a certain limit. This can be a cost-effective way to boost your pension savings.

The mid-life squeeze

People in this group, aged 30-49, are focusing on work and career, with many bringing up families. While they have higher-than-average incomes, they show signs of low financial resilience.

Key insights

- Despite higher personal earnings, mid-lifers are the age group most likely to be in or near financial crisis and overdrawn by the end of the month.
- They have the lowest cash savings of all age groups but also hold the most financial protection products.
- Pension engagement is poor, with most mid-lifers unaware of the value of their pensions.

Budgets under pressure

When we began researching the impact of the rising cost of living in 2022, younger people were most likely to say they were in financial crisis or overdrawn at the end of the month. By our fourth wave of research, just after the Bank of England raised the base rate to 5.25% in August 2023, this had switched to people in their 30s and 40s.

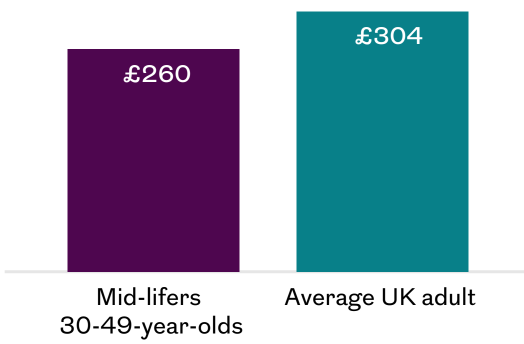
Eighteen months later, our latest research shows that mid-lifers are still the worst-affected age group in terms of day-to-day finances. Almost one in six (16%) describe themselves as being in financial crisis (with 3% unable to pay day-to-day bills) or near to financial crisis (13% struggling to pay day-to-day bills). This compares to just over one in ten (11%) UK adults, where 2% are in financial crisis and 9% are close to it.

As with previous years, this age group has the highest average personal income at £39,354 a year, compared to £34,166 for the whole sample. However, while household income is also higher, it is only slightly higher than among younger adults. This is partly because mid-lifers have more single-person households than the 18-29 age band (19% for mid lifers compared to 17% for those aged 18-29). Annual household income for those aged 30-49 is £61,664, on average, compared to £57,698 for those aged 18-29.

Despite the high personal income levels, mid-lifers are more likely than any other age group to say they are overdrawn at the end of the month. One in eight (13%) go into the red compared to one in ten UK adults. A further 10% say they have no money left, leaving almost one in four (23%) overdrawn or having no money at the end of the month, compared to 18% of the whole sample.

The good news is that more mid-lifers (and the sample as a whole) say they have money left over at the end of the month compared to a year ago. Almost six in ten (57%) have money to spare once bills have been paid, close to the sample average of 59%. However, the average monthly amount is £260, which is lower than for any other age group, and less than the £304 that UK adults have.

Money left over at the end of the month



Money anxiety

Mid-lifers report the lowest satisfaction with their current standard of living compared to any other age group; just over four in ten (41%) are satisfied, compared to 50% of the whole sample. People younger and older than this cohort are more likely to be happy with their standard of living.

Mid-lifers are, however, a little less likely than those in their 20s to say that thinking about household finances makes them anxious; 46% of those aged 30-49 compared to 50% of adults aged 18-29.

Struggling to save

Last year, we looked at a similar age group (those aged 35-49) and, as was the case then, mid-lifers have the lowest savings of all ages. They have £10,278, on average, compared to £15,864 for the whole sample. Worryingly, four in ten (37%) mid-lifers have less than £1,000 in savings compared to 27% of sample adults.

So, it is unsurprising that mid-lifers are the least likely to say they are comfortable with the savings they have – fewer than one in four (24%) compared to over a third (34%) of the whole sample.

Those in their 30s and 40s are still building up their wealth, and the amount they have in personal assets (minus their main home) is worth an average of £62,934 compared to £110,161 for the whole sample. However, over a third of mid-lifers (34%) also say they have less than £10,000 in personal assets, compared to approximately one in four (26%) UK adults.

Prioritising protection

Almost half of mid-lifers (49%) have a mortgage, the highest percentage of any age group (compared to 28% of UK adults), and they are also the most likely to have a protection product. Over four in ten (42%) mid-lifers have one or more protection products compared to 34% of the whole sample. Almost four in ten (38%) have life insurance (whether that's whole of life, over 50s, death in service benefit or term insurance). Almost one in seven (14%) have critical illness insurance, and a further 7% have income protection, higher than the 8% and 4% levels across the whole sample.

Protection is designed to help consumers weather the financial impact of unexpected life shocks, such as bereavement or long-term illness. Government figures for 2022 (the latest data) show that 2.5 million people are not working due to long-term sickness.

Worryingly, mid-lifers were the most likely of all age groups to say that they could only cope for up to a month if they or their partner were unable to work due to illness (28%). This compares to one in five (20%) of all working adults.

Many employers pay more than the Statutory Sick-Pay rate for employees who are off sick (£118.75/week for 2025-26) or pay it for longer than 28 weeks. However, individuals who have to rely on state benefits may find these payments inadequate, especially if they are off work for extended periods.

Pensions apathy

Although people in their 30s and 40s may have spent as much as 30 years in the workforce, they've only had access to automatic enrolment into a workplace pension since it was phased in from 2012.

Most mid-lifers (70%) don't know how much they have in their defined contribution pension (compared to 69% of the whole sample). This demonstrates the ongoing challenge of engaging people in their pensions, which we explore in detail in our workplace pensions research. However, among those aged 30-49 who know how much their defined contribution pensions are worth, they have built up average pension savings of £42,246. This is almost three times the amount that people aged 18-29 have (£16,529), but far less than the £110,630 of those in their 50s and 60s. Worryingly, 15% of mid-lifers have less than £10,000 in their defined contribution pensions.

Within the last 12 months, only around a third of mid-lifers (36%) have considered what they may need to live on in retirement. Even fewer (11%) have used tools or a financial adviser to help with the calculations. This compares to 40% and 15% of UK adults, respectively.

People in their 30s should still have time to build up their retirement savings. However, those nearing their 50s, especially with small pensions, may face tough choices about when to retire and the lifestyle they can afford afterwards.

Taking advice

For most people, impartial advice from a qualified adviser would be hugely valuable, but we recognise that many people can't access advice or choose not to take it. We found that seeking financial advice is more common among the age groups nearing or in retirement – almost half (45%) of 50-69-year-olds have taken advice. Among mid-lifers, this falls to almost one in four (23%). Of the 23%, most reported receiving transactional advice (such as taking out life insurance or critical illness cover when securing a mortgage), but 5% of those also had an ongoing advice relationship. Overall, 36% of the whole sample have sought advice, with 13% maintaining an ongoing advice relationship.

Tips for financial resilience

1. **Mid-life money check.** Set aside time to get to know your pensions and investments better and check if they're right for your longer-term goals.
2. **Opt back in.** If you opted out of your workplace pension scheme, you can rejoin, and employers must automatically re-enrol eligible employees every three years.
3. **Take financial advice.** Mid-life can be financially complicated, but taking impartial financial advice or accessing guidance from the government-backed MoneyHelper service can help set you on a path towards more resilient finances in the short and long term.

Higher-income households' resilience

People in this group live in households with an income of between £50,000 and £150,000 per year. Higher earners are more likely to work full time and to be married or in a civil partnership, although this group includes some single-adult households.

Key insights

- Higher-income households have more assets, bigger pension pots and greater uptake of protection products.
- They are more engaged and confident about retirement, despite similar take-up of financial advice to other groups.
- Debt and rising bills can limit the savings habits of higher earners.

Who are higher-income households?

In previous waves of research, we discovered that people on a higher-than-average income were not immune to the effects of the cost of living crisis and, in some cases, were showing significant signs of financial stress. We wanted to understand how higher-income households were coping with higher costs and bills. To do this, we are focusing on households with an income of between £50,000 and £150,000 a year (our full sample's average household income is £51,743).

Housing status and assets

Higher-income households are more likely to be homeowners, with four in five (81%) owning their home, compared to 68% of the whole sample. However, fewer own their home outright – only three in ten (32%) compared to almost four in ten (39%) UK adults.

Unsurprisingly, this group also has a higher level of personal assets (excluding their home) at £159,880 versus £110,161 for the average UK adult. They also have more in their pensions (excluding defined benefit pensions): £96,090 compared to the sample average of £68,062.

Day-to-day finances

When it comes to everyday spending, it's a mixed picture. More higher-income households have money left over at the end of the month: 79% compared to 59% of UK adults, but of those who don't, they are only slightly less likely to be overdrawn than the whole sample (8% versus 10%).

While 11% of UK adults describe themselves as unable to cover their basic costs or struggling to do so, only 5% of higher-income households say they are in or close to financial crisis. Most of this group (71%) report feeling okay or comfortable compared to six in ten UK adults.

Rising costs and bills

Across the sample, for the five in ten whose housing costs rose in the 12 months to February, the average increase was £218 a month. For higher-income households, this figure is £278, but they still have more money left over after paying their bills.

Over one in three (35%) higher income households say their discretionary income increased last year, 37% say it is the same, and 28% say it has reduced. For the whole sample, 23% report an increase, 40% say it's the same and 37% say it has reduced. Perhaps because they are more likely to have money to spare at the end of the month, over half (51%) of people on a higher income lack a plan for paying rising bills (versus 47% of UK adults). Of those who do, a minority plan to dip into their pensions or investments (8% of higher-income households versus 10% of UK adults), 3% will reduce or stop pension contributions (versus 2% of UK adults), while 18% plan to use short-term savings (versus 19% overall).

Looking at steps already taken to mitigate against higher costs, fewer than one in 13 UK adults (8%) have reduced pension contributions, stopped paying into their pension or taken money out of it, compared to 7% of higher-income households. Of the small number who reduced their pension contributions, 38% plan to increase them in the future, compared to 45% of higher-income households.

On average, people have used £3,366 of savings to cover higher costs over the last two years, compared to £3,569 for higher-income households. Given that higher-income households have more savings, their short-term financial cushion will have been less affected than that of other groups.

Prevalence of protection products

Higher-income households are generally better protected than other groups but are not immune to financial shocks.

Half of those with a higher income (50%) have at least one life insurance product (such as death in service benefit, whole of life or term insurance) compared to 32% of UK adults, and they are twice as likely to have products like income protection. Overall, 53% of higher-income households have at least one protection product versus 34% of the whole sample.

When asked how long they could cope with bills if they or their partner couldn't work due to illness, higher-income households were less likely to say they could only pay their bills for up to one month (12% versus 19% of the whole sample). However, there was little difference in those who could manage for over 12 months (36% of higher-income households versus 37% of UK adults).

Pension savings and other assets

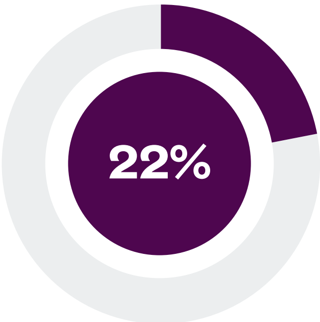
The higher income that this group has also translates into larger defined contribution pension pots – £68,062 on average, per person overall, compared to £96,090 per person for higher-income households. Higher earners are likely to have employers who contribute more to their pensions (9.8% of their salary, on average, versus 8.7% for the whole sample). In the last 12 months, they are also more likely to have considered how much they might need every month in retirement – 51% have done so, compared to 40% of UK adults.

This group also reports having made greater use of online tools to help them take control of their finances (13% of higher income households versus 8% of UK adults). They are also more confident that their pension savings are enough for a good retirement standard, scoring 2.9 on a scale of 1-5 (where 5 is very confident), compared to 2.5 for the overall sample.

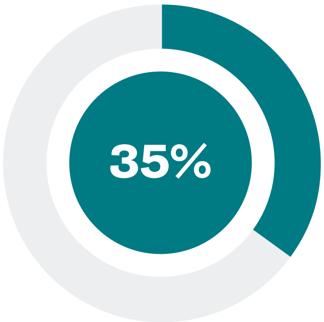
Money help and advice

In the last year, higher-income households were more likely to seek financial advice or help with their finances than UK adults, whether that is from a financial adviser, family and friends or a pension provider. Three-quarters have done so (75%) versus 61% of the whole sample, with 15% using a financial adviser (versus 11% overall), and 3% talking to a wealth manager (versus 2% overall).

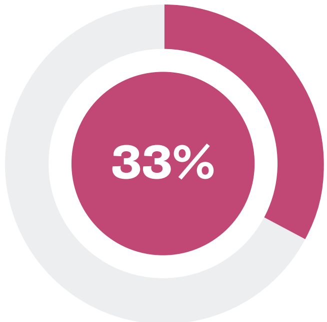
When it comes to barriers to saving more, wealthier households often prioritise repaying debts such as credit cards and loans over saving more – 22% do so compared to 16% of UK adults. Over a third (35%) say they don't want to sacrifice their standard of living in order to save more (versus 27% of the whole sample). However, fewer say higher bills prevent them from saving more (33% compared to 41% of UK adults).



prioritise repaying debts over saving more



don't want to sacrifice their standard of living to save more



say higher bills prevent them from saving more

Impact on retirement and financial resilience

Approximately half of higher-income households (49%) feel that higher bills have affected their financial resilience, almost the same as the 50% reported by the whole sample.

When considering the impact of higher bills on their retirement savings and plans, there is a small difference between higher-income households and the broader population. Overall, 43% of UK adults say the cost of living crisis has affected their retirement plans, a significant drop from the 75% who stated this a year earlier. This compares to 46% of higher-income households.

The reason for the significant year-on-year difference remains unclear, and it is greater than the difference in many of the other data points we have tracked since the cost of living crisis began. Retirement might be too far away for some individuals in our sample, making it difficult for them to assess the impact. Equally, it could be because most UK adults (69%) don't know how much they have in their pensions and over half (52%) haven't thought about how much they may need to live on in retirement in the last 12 months.

Higher-income households say their retirement savings or plans have been affected by the following factors:

- 14% expect less money in retirement
- 8% are worried that they won't have enough to top up their pension
- 6% expect to make cutbacks elsewhere
- 5% expect to still be paying off their mortgage
- 2% will still be renting.

While the impact of the cost of living on their retirement plans appears less severe for higher earners, they are not immune to its effects. There are also signs that their day-to-day finances are not as robust as they could be.

Tips for financial resilience

1. **Plan properly for high or rising bills.** Aim to have money left over at the end of the month to save in the short and/or long term.
2. **Maintain pension contributions.** If possible, avoid short-term cuts that could damage long-term goals.
3. **Review protection cover.** Check regularly to ensure that life, income and illness protection meet your needs.

Approaching retirement

People in this group, aged 55-66, may be considering whether they can afford to retire or are perhaps winding down from working life. Balancing multiple constraints on their income is a challenge for some, especially if they are supporting older children or caring for ageing parents.

Key insights

- This group is more likely to own their home outright and have bigger pension pots, reflecting greater housing stability and pension wealth.
- Despite being asset-rich, they have lower average personal and household incomes.
- Some are using their savings or pensions to stay afloat, raising concerns about financial resilience in retirement.

Housing and work

Among our sample of 55-66-year-olds, home ownership is high, with 57% owning outright compared to 39% for the whole sample. One in five of this age group (20%) have a mortgage compared to almost three in ten (28%) UK adults.

Adults in this age group are also further along in their mortgage journey, with shorter terms and lower balances. Mortgage holders across our sample have an average of 16.2 years remaining on their term and an average of £137,336 outstanding, compared to just 6.5 years for adults aged 55-66. Over half (53%) of 55–66-year-olds with a mortgage owe less than £50,000, but almost one in five (17%) owe between £50,000 and £100,000. As only a third of this group work full time, mortgage affordability could be an issue for some.

At this stage in life the 55-66-year-olds' employment profile is mixed.

- 32% work full time
- 28% are retired and not working
- 16% work part-time
- 6% are semi-retired
- 9% are permanently disabled and unable to work.

With almost three in ten retired and not working, 55-66-year-olds have lower personal and household incomes than UK adults, averaging £30,786 and £45,392 respectively, compared to £34,166 and £51,743 for the full sample.

Pension planning and retirement savings

Average incomes for this group may be lower, but pensions and assets held are higher. Total assets (minus their family home) for 55-66-year-olds amount to £158,866, per person, on average, compared to £110,161 for the full sample. They also have, on average, more saved in their defined contribution pensions – £116,646, per person, versus £68,062 for UK adults.

One in five of this age group have defined benefit pension savings but only 13% said they will rely on theirs as a main source of income in retirement. Overall, those aged 55-66 are more focused on their retirement income needs than other age groups. In the last year, over half (52%) of UK adults have not thought about how much they might need each month in retirement, but this drops to 33% for our approaching-retirement group. A further third (33%) of this group have considered their retirement needs but have not done any calculations, 17% have used online tools, while only 6% have asked a financial adviser for help.

Over the longer term, however, 55-66-year-olds are more likely to have used a financial adviser, with more than half (54%) taking financial advice at some point, either on a one-off or ongoing basis. Our data shows that 59% of UK adults have never used a financial adviser compared to 46% of 55-66-year-olds.

In control of their finances?

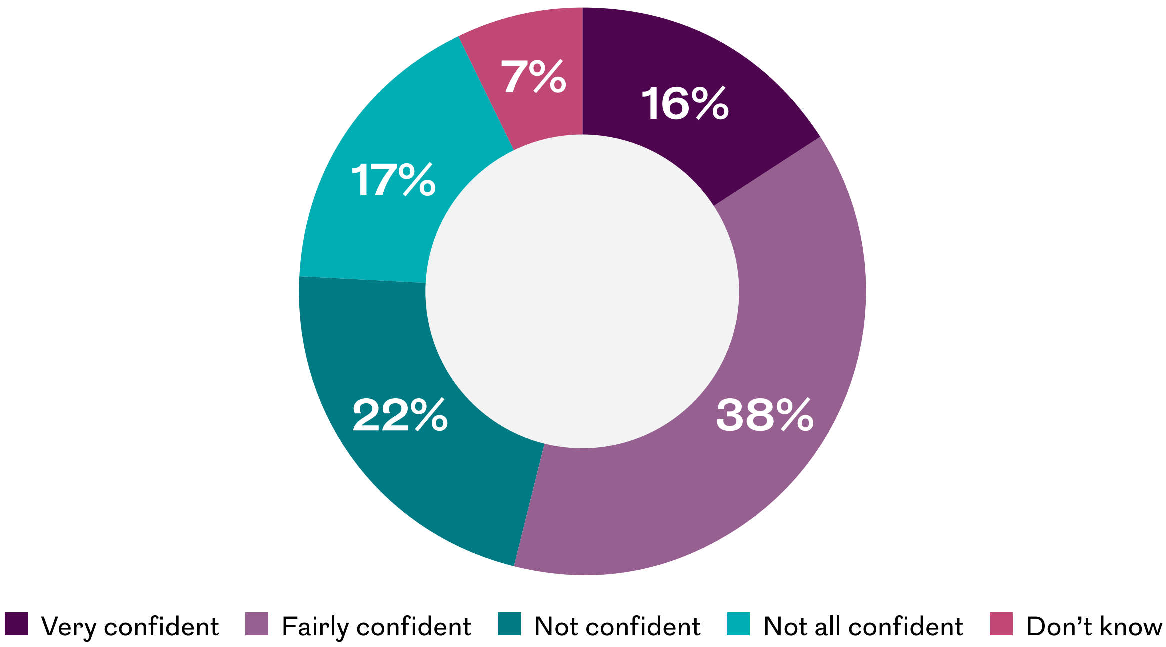
With retirement approaching, we wanted to see how confident this group felt about their finances. We found that 55-56-year-olds are only slightly more likely to feel financially in control than the wider group (59% versus 56% of UK adults). Only 15% did not, compared to 19% for the full sample.

The research does not reveal why older people feel more confident. Perhaps it's because they are more likely to have a higher level of cash savings than younger people. However, while a higher percentage of this age group have savings of £50,000 or more (16% versus 11% of UK adults), it's also the case that a similar number have no cash savings (13% compared to 15% of UK adults).

Despite this, the 55-66-year-old group are more financially resilient it comes to day-to-day finances. Almost half (47%) could pay their bills for more than a year if they or their partner could not work, compared to 38% of the full sample. Only 14% said they could cope for less than a month, compared to 19% of the sample.

However, when asked how they feel about saving for retirement, only 16% of those aged 55-66 feel very confident, 38% feel fairly confident, and 39% don't feel confident (versus 48% of UK adults), with 22% not confident and 17% not at all confident. This perceived lack of resilience in retirement is a concern given how close the older adult group is to working less or stopping work altogether.

55-56-year-olds: attitudes towards saving for retirement



Financial situation – comfort or crisis?

While some 55-66-year-olds feel financially comfortable, many are still under pressure from rising costs and a limited capacity to save. Approximately one-third (34%) are comfortable, 31% are okay for now, while just over a fifth (21%) are feeling the pinch. Worryingly, 10% are in financial crisis (2%) or close to it (8%). This pattern is mirrored across the wider sample.

Of those who are spending more on household bills compared to a year earlier, most of their money is going towards housing, with those 55-66-year-olds who have experienced a rise in housing costs spending, on average, £158 per month more. However, this is much less than the £218 extra spent on housing each month by the wider sample and is likely due to smaller mortgage amounts outstanding.

Conversely, our approaching-retirement group is spending more on energy and food each month than the wider group, £144 and £155, among those who saw costs rise respectively, versus £129 and £148 for the whole sample.

Thankfully, most of the 55-66-year-olds in our survey have not seen an increase in their mortgage or rent in the last 12 months – 72% versus 66% of UK adults. Those who have experienced a rise have adjusted their budgets mainly by cutting back on everyday spending (13% of 55-66-year-olds) and discretionary spending (15%), broadly similar to the wider sample.

For those aged 55-66, and indeed the wider sample, the biggest barrier to saving more is high bills at 41%. This is followed by a reluctance to sacrifice their standard of living (28%) and a belief that they don't need to save more (21%). Others say they are focused on paying off debts rather than saving (12%), while a small percentage (4%) simply forget to put more money aside.

Impact on retirement and long-term savings

The rise in the cost of living has already pushed many 55-56-year-olds to dip into their savings, using on average £4,200 over the past two years versus £3,366 for the whole sample. And just over a quarter (26%) of our older adults plan to top up their savings compared to almost half of the wider sample (46%).

Almost one in ten of this group (8%) have taken money from their pensions to cover rising costs, compared to 3% of UK adults, taking an average of 38% from their pensions (versus 34% for the whole sample).

The long-term impact of the higher cost of living is still ongoing, with 43% of adults saying it has affected their retirement savings, compared to 50% of 55-66-year-olds. Over one in five (21%) of 55-66-year-olds expect to have less money in retirement and 5% say they will be paying off their mortgage or renting as a result of higher costs and bills.

Tips for financial resilience

1. **Check on your pensions.** Find out how much they are worth now and what income that could generate in retirement. Without this information it's difficult, if not impossible, to work out what your retirement might look like.
2. **Find out when you'll get the State Pension.** The age that people can claim the State Pension is increasing from 66 to 67 from April 2026, affecting those born after 5 April 1961. You can also find out how much you're on track to get on GOV.UK.
3. **See if you can save extra cash.** When you retire, you'll need short term savings (cash) as well as an income from your pension. Work out if you need to build up your cash buffer or if you can save more into your pension.

Looking ahead

It is encouraging that some of the worst pressures of the higher cost of living have eased in certain areas or for certain groups. However, we are far from the level of recovery in people's budgets and longer-term finances that we had hoped for. Many of the challenges of the last few years remain stubbornly persistent and we expect people's financial resilience to continue to be tested as we move forward.

Energy costs have stabilised somewhat since our last report and are set to fall further later this year following changes by the energy regulator, Ofgem, to the energy price cap. While this is a positive headline and may provide some relief to hard-pressed household budgets, the latest price change comes into effect during the summer (from 1 July 2025) when energy usage is at its lowest. Therefore, it is unlikely to deliver much benefit to households this year.

Similarly, housing costs, though rising more slowly than last year and affecting fewer people, remain high compared to levels seen before 2023. Given that housing is typically people's biggest monthly expense, their finances will likely remain strained unless there is a significant and sustained drop in rents or mortgage rates.

One of the most positive takeaways from this latest research is that fewer people are overdrawn or left with no money once they have paid their bills and covered their day-to-day living expenses. The amount of money that those who are not overdrawn have left over has also increased. However, the number of people with no cash savings, or very little (less than £100) saved, remains stubbornly high at one in five adults.

We expect the already low percentage of people who have stopped or reduced their pension contributions due to cost of living pressures to continue to fall further. The fact that there has been a significant fall in the number of people who say their retirement plans have been affected by the cost of living crisis is encouraging. However, we would like to explore the reasons behind this in the next wave of research.

That said, consumers are, thankfully, no longer in crisis mode and we are pleased to see some signs of improvement in people's financial resilience. This may afford them more breathing space to worry less about day-to-day spending and more on rebuilding their longer-term finances, which gives us all cause for some cautious optimism.

Notes for editors

Six waves of research into the cost of living have been carried out for Royal London. The sample size and fieldwork dates are:

Wave 1 – Research carried out by Opinium through an online survey with a sample of 4,001 UK adults between 24 February and 1 March 2022.

Wave 2 – Research carried out by Opinium through an online survey with a sample of 4,000 UK adults between 26 August and 1 September 2022.

Wave 3 – Research carried out by Opinium through an online survey with a sample of 4,006 UK adults between 27 February and 6 March 6 2023.

Wave 4 – Research carried out by YouGov plc. The total sample size was 4,222 adults. Fieldwork was undertaken between 25 August and 10 September 2023. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

Wave 5 – Research carried out by YouGov plc. The total sample size was 4,018 adults. Fieldwork was undertaken between 22 February and 7 March 2024. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

Wave 6 – Research carried out by YouGov plc. Total sample size was 4,003 adults. Fieldwork was undertaken between 26 February and 5 March 2025. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

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