

Report: UK workers face more than £115,000 retirement income deficit

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[The Retirement Shortfall Report](#), produced by pension advisers Almond Financial, analysed regional salary and life expectancy data from the Office for National Statistics of the top 30 most populated cities and towns in the UK.

This was compared with total pension contributions and retirement living standards to calculate the shortfall workers will face in retirement if depending solely on pension income.

The top 30 most populous towns and cities in the UK were then ranked from the the largest real-term shortfall to the smallest. The average recommended annual retirement income for a single person wanting to enjoy a moderate standard of living in London is £28,300, or £23,300 outside the capital.

Overall, the average worker will have a shortfall of £115,768 should they base their retirement income entirely on pension pots, causing many to think twice about how much they need to save.

The report's findings will certainly be an eye-opener to some that while we work all our lives for a pension, it still may not be enough for us to live the retirement we want

Sam Robinson, Almond Financial

At a regional level, those living in London faced the biggest shortfall to achieve a financially secure retirement. The deficit here was £177,847 in retirement income should they choose to rely solely on pension contributions.

Plymouth ranked second highest, with a gap of £136,099 to make up. Luton

and Nottingham followed – £129,243 and £128,202 respectively.

Those with the smallest deficit were in Scotland and Northern Ireland, with workers in Glasgow, Edinburgh, Aberdeen and Belfast all facing a deficit of less than £100,000.

Top 10 areas with highest retirement income shortfall

Top 30 cities and towns	Monthly take-home pay (£)	(Gross) pension contribution (8%) (£)	Life expectancy (years)	Average length of retirement (years/retiring at 66)	Average needed for retirement (£)	Shortfall per year (£)	Overall shortfall (£)
London	2,839	227.14	82.35	16.35	462,705	10,878	177,847
Plymouth	1,789	143.12	82.2	16.2	377,460	8,401	136,099
Luton	1,924	153.89	82	16	372,800	8,078	129,243
Nottingham	1,717	137.32	80.95	14.95	348,335	8,575	128,202
Portsmouth	2,052	164.13	82.35	16.35	380,955	7,770	127,041
Norwich	2,031	162.49	82	16	372,800	7,819	125,110
Southampton	2,142	171.32	82.35	16.35	380,955	7,554	123,511
Bournemouth	2,141	171.26	82.2	16.2	377,460	7,556	122,407
Kingston upon Hull	1,711	136.84	80.25	14.25	332,025	8,590	122,405
Brighton	2,186	174.88	82.35	16.35	380,955	7,447	121,762

Source: Retirement Shortfall Report

Almond Financial principal adviser Sam Robinson said: "The report's findings will certainly be an eye-opener to some that while we work all our lives for a pension, it still may not be enough for us to live the retirement we want."

Lifestyle requirements for retirement will vary greatly from person to person, and ultimately it is down to individuals to determine how much cash they want to reserve, he said.

"But this report shows that more needs to be done to achieve a financially

secure retirement, and for those who do want to top up their retirement income there are a number of ways to do this," Robinson added.

Sleepwalking into retirement

This mismatch between expectations and achieved income in retirement was highlighted by [the Great Retirement Study](#) from The Wisdom Council, published on April 4. This showed a variance of 14 per cent between pre-retirement expenditure (92 per cent) and income (78 per cent).

It highlighted that a great many individuals have unrealistic expectations of their retirement income, yet they are reluctant to take advice to make improvements until it is almost too late.

The study showed that only one in four of those surveyed had taken advice between the ages of 60 and 64 and this was largely for a specific task, rather than ongoing advice.

Even those interested in advice are generally not prepared to pay for it, the study argued. The average amount that individuals are willing to pay was £213, well under 10 per cent of the average cost of offering advice on a £250,000 pension pot at retirement, [according to unbiased.co.uk](#).

Wisdom Council director Alison Malton said the study found that many respondents see retirement as a process and not a one-off event, yet they fail to apply a similar process to its preparation and will often find the reality falls far short of their aspirations.

"We need to extend this sense of support and preparedness to a wider cohort who want and need professional support but are sceptical of the value of advice," said Malton.