



Finances after 50

2021 Report

In this report, we look at what people aged over 50 in the UK do with their money, including their spending and saving habits.



Overview

Welcome to SunLife's 2021 Finances After 50 report.

We've commissioned this report to look at what people aged over 50 in the UK do with their money, including their spending and saving habits.

We want to understand how people over 50 are planning for their retirement, and whether money really can buy you happiness.

2020 has been a year unlike any other. This report investigates how the pandemic has impacted people over 50 and their finances.

We hope you find the report insightful and inspiring.

Conducted by Critical Research between 4th February and 18th February 2021, with 3016 respondents overall.

Key results



Key results

Over 50s finances

75%
own their home

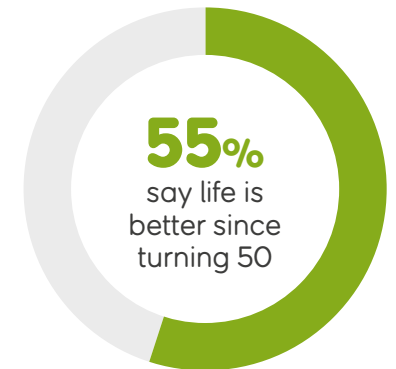
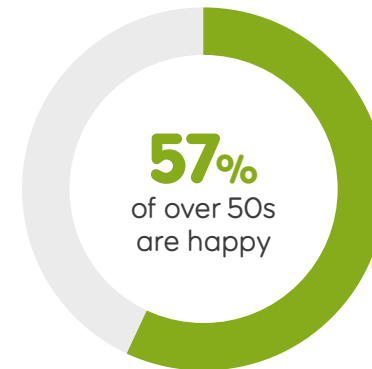
£2,303

= average monthly household net income

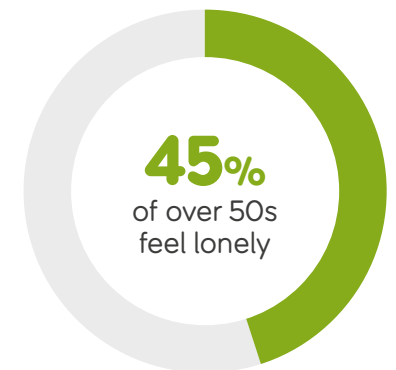
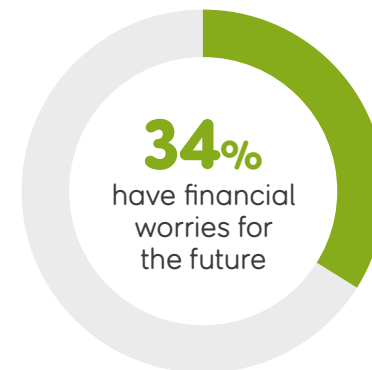
£1,847

= average monthly living expenses

Happiness



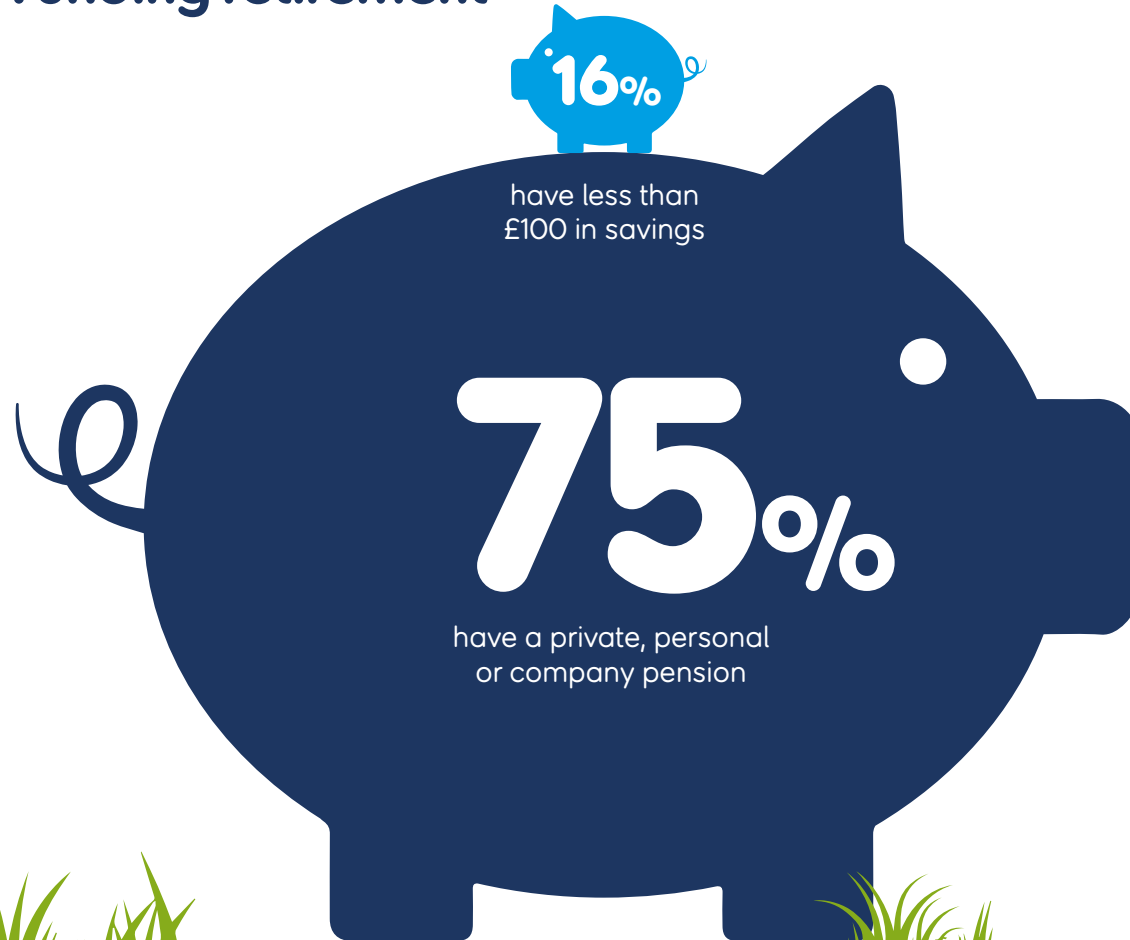
Financial stability is cited as one of the main reasons life is better after 50



Their main worry is not having enough to live on

Key results

Funding retirement



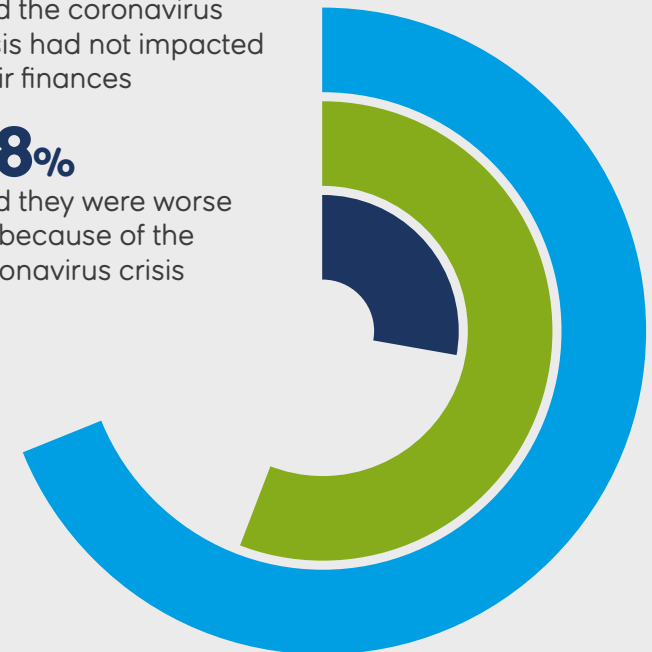
£166,579 = Average pension pot
£54,798 = Average savings

Coronavirus

69% are worried about the effect the pandemic was having on their lives

56% said the coronavirus crisis had not impacted their finances

28% said they were worse off because of the coronavirus crisis



The impact of Coronavirus



Coronavirus impact

The impact of Coronavirus has affected all age groups and the over 50s is no exception.

It has affected their working lives, their health, their happiness and their finances.

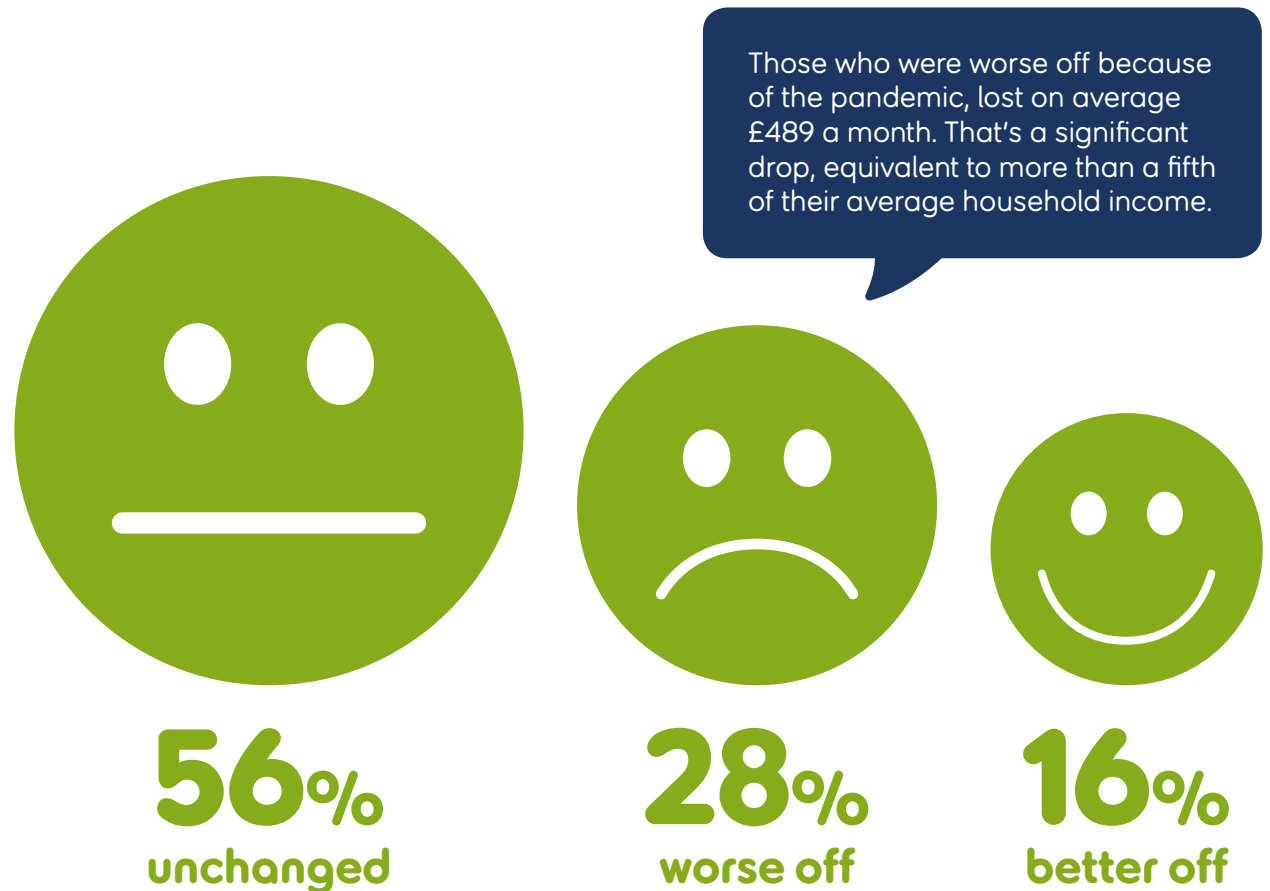
While over 50s face a higher risk of falling seriously ill from coronavirus, they have also been prioritised for vaccinations; at the time of writing more than **93%** of people over 50 in the UK had been given their first vaccine jab .

Our research – which was conducted in in 2021, starting on the 4th February and ending on the 18th February - found **69%** were worried about the effect the pandemic was having on their lives.

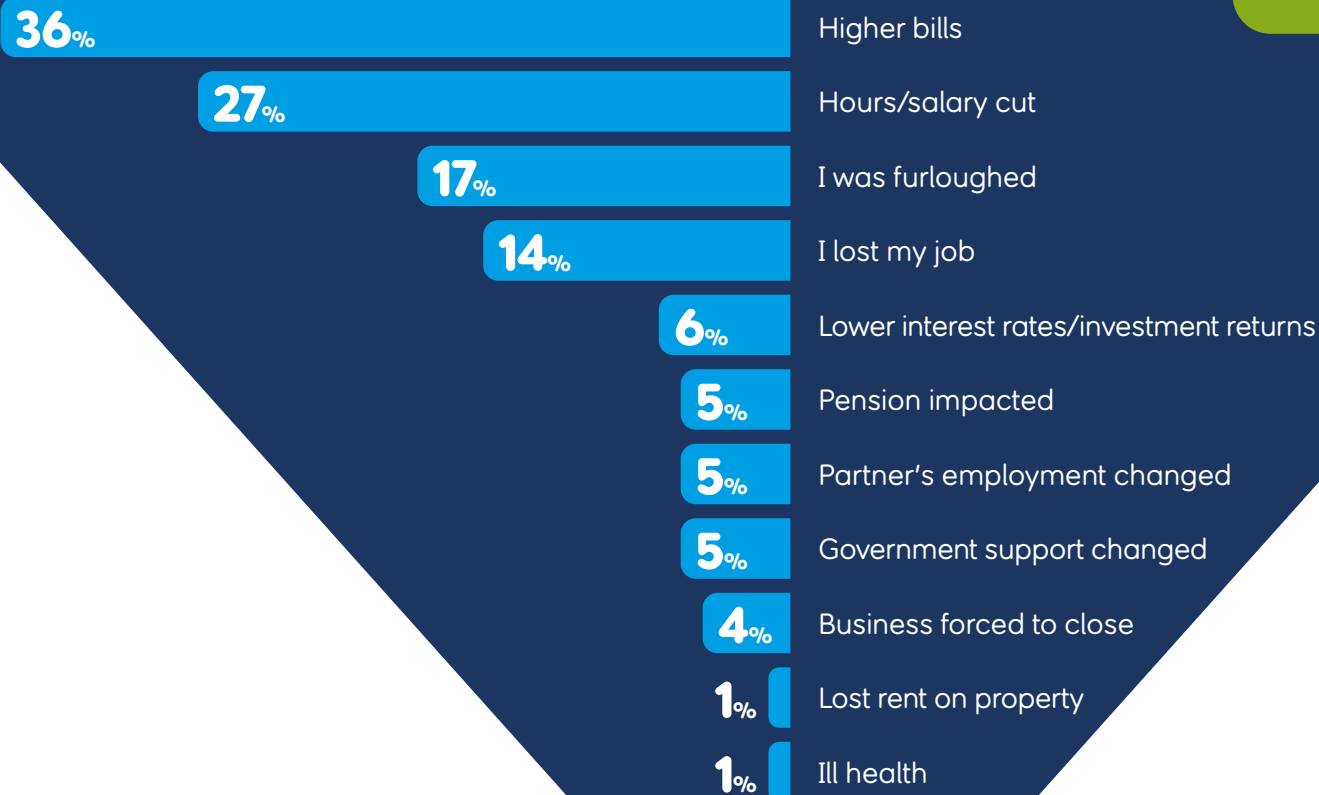
On balance, over 50s' finances have been negatively affected by the pandemic, though the majority have been insulated from the full economic impact of the crisis.

That's likely to be because only **30%** of respondents are in full-time employment or self-employed and instead rely on pensions and investments, so their income remained fairly secure.

How has the coronavirus crisis impacted your finances?



Those that stated they were worse off financially due to the coronavirus said it was due to



Of those who stated they were better off financially due to the coronavirus

86%

said they are spending less

14%

said it was because they are earning

Those over 50s who are better off because of the coronavirus crisis gained an average £305 a month.

Coronavirus impact

Top 5 savings

- 1 Eating out/going to the pub **87%**
- 2 Holidays **79%**
- 3 Days/nights out **76%**
- 4 Haircuts **67%**
- 5 Fuel **66%**



Unsurprisingly, over 50s told us they had made savings primarily because their social lives and travel plans had been put on hold by lockdown restrictions.

Income and outgoings



Income and outgoings

Spending habits and priorities inevitably change as we get older.

The good news is that, since this research was last conducted in 2019, the average monthly over 50s household net income has grown by £128 to £2,303 – only slightly less than the UK average £2,492.

That's an increase of **5.5%** in two years, which compares well with the average 0.8 per cent annual increase seen by UK households over the last decade.

In the same period, average monthly living expenses have also increased, but only by a modest £14, to £1,847.

Over 50s' disposable income has grown too, up by £52 a month to £589 – that's enough to cover the average cost of a restaurant meal for two .

And, despite the fact that two in five (**43%**) respondents are retired and living off their pension, around half are still enjoying the same spending habits that they did in their younger years.

Since you turned 50, is there anything you have cut back on?

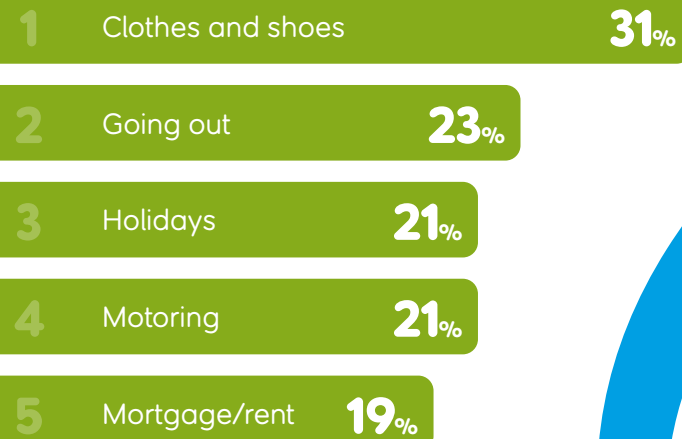


YES
49%

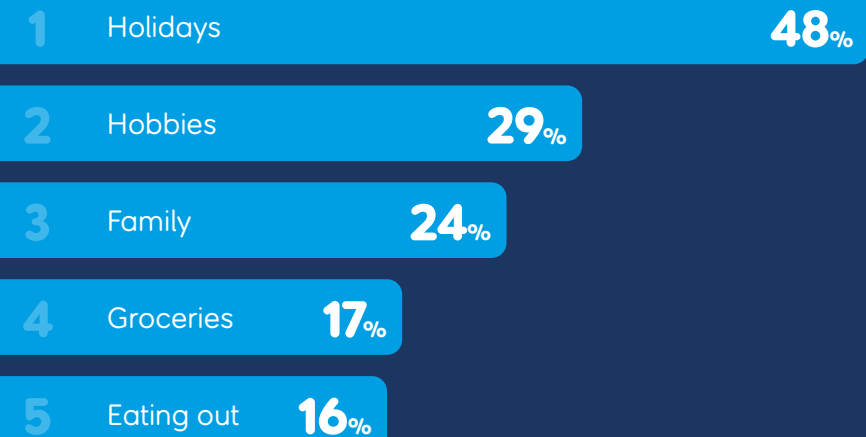


NO
51%

What do you spend less on since turning 50?



What do you spend more on since turning 50?



Saving and investing



Saving and investing

People over 50 have added an extra £3,854 to their savings and investments in the last two years.

They have now built up an average of:



£54,798

But a sixth (**16%**) have less than £100 in savings, though this is down from a fifth (**21%**) since 2019.

While four in five (**80%**) stash their savings in a savings account, around half (**53%**) use a current account and around the same proportion (**52%**) have an ISA.

But one in ten (**10%**) still keep their nest egg in cash, with an average £973 hidden away in their home.

But what are they saving for? Top five reasons over 50s save

- 1 Holiday **49%**
- 2 Retirement **48%**
- 3 Living expenses **36%**
- 4 Home improvements **36%**
- 5 New car **19%**

Saving and investing

Three quarters (**75%**) have a private, personal or company pension, up **3%** since the last survey.



The average pension pot is:



When we asked people over 50 if they were happy with the amount of money they had in savings and investments, three quarters (**74%**) said they were.

Home ownership has grown by 4% to 75% in the last two years...

...with the average property value up 5% to

£252,038

Happiness and wellbeing



Happiness and wellbeing

Financial security seems to be a big part of what makes over 50s happy.

The past year has seen a slight decline in happiness and wellbeing, with happiness among over 50s down from **63%** in 2019 to **57%** in 2021. This could be a reflection of the challenges and worries caused by the coronavirus crisis at the time of our survey.

Top five things that make over 50s happy



Happiness and wellbeing

Top five reasons why life is better after 50



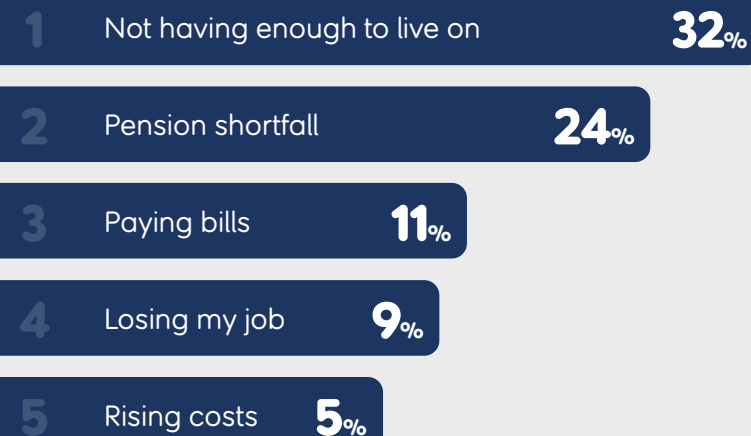
Just over half (55%) say life has become better since they turned 50.

However, life over 50 does also bring challenges for many.

A third (34%) say they have financial worries for the future, though this is down 7% since the last survey.



Top five financial worries for the future



Ready to retire?



Ready to retire?

The UK State Pension age is currently 66, but it is set to rise to 67 by 2028.

It's being kept under review and, as life expectancy increases, it is only going to get older.

The full State Pension is currently:

£179.60 / week

Around:

£9,300 a year



Most of the over 50s in this survey have made their own arrangements to supplement this income



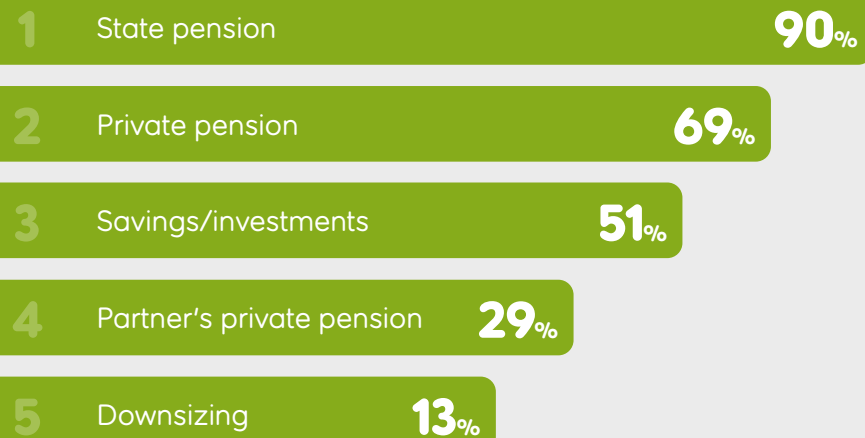
Ready to retire?

Just over one in ten (**12%**) expect to fund their retirement by continuing to work.

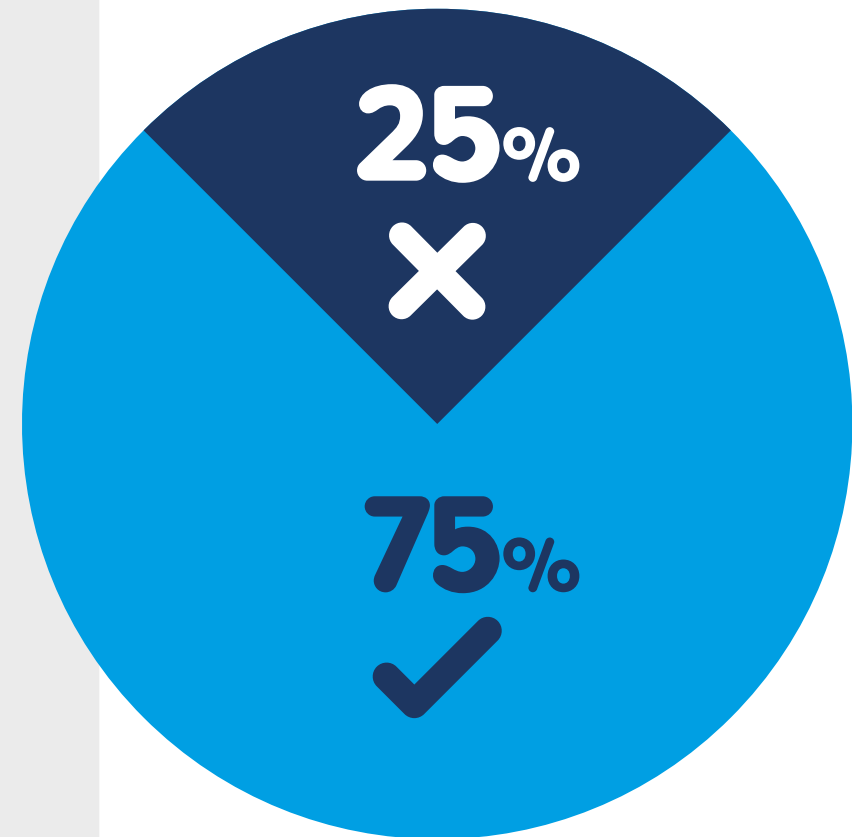
Only one in five (**20%**) are confident they definitely have enough in their savings, investment and pension to fund their retirement.

Two in five (**39%**) are hopeful they have built up a big enough retirement pot.

How over 50s plan to fund their retirement



A quarter don't have any kind of private pension

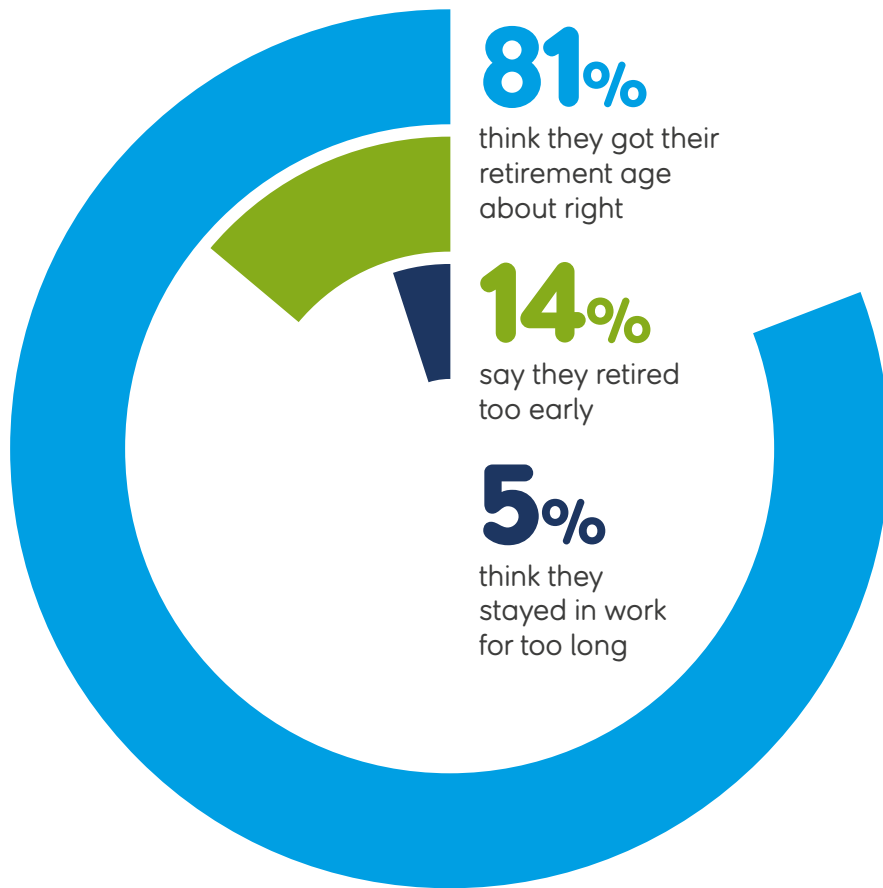


Retirement regrets revealed



Retirement regrets revealed

Of those respondents who are already retired, their average retirement age was 60 – five years younger than the current State Pension age.

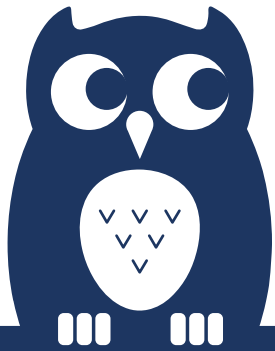


People over 50 have some great advice to pass on to younger people on managing their money and preparing for the future.

Top five money tips for younger people



- 1 Start saving as soon as possible 47%
- 2 Start a pension as soon as possible 29%
- 3 Avoid debt 9%
- 4 Spend wisely 7%
- 5 Make a budget 7%



We also asked over 50s what money-saving tips they would share with someone else over 50.



Top five money tips for over 50s

- 1 Save regularly 14%
- 2 Shop around for deals 10%
- 3 Only buy what you need 7%
- 4 Invest in stocks and bonds 6%
- 5 Make a budget 5%

Entrepreneurial over 50s



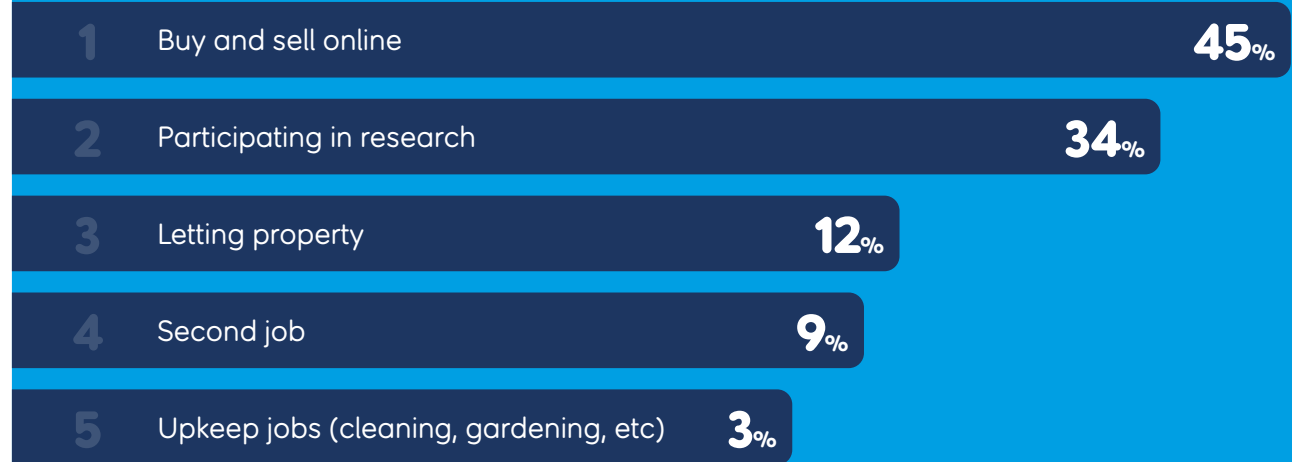
Entrepreneurial over 50s

One interesting trend to come out of this year's research was how people over 50 are increasingly entrepreneurial, topping up their income with their own part-time business or some other way.

And internet-savvy over 50s are often going online to boost their finances.



Top five ways over 50s earn extra money



Conclusion



While just over half of the over 50s we spoke to said the coronavirus crisis had not impacted their finances, more than a quarter saw a significant financial impact.

At this time in their lives, this has the potential to derail retirement plans, and it has clearly caused many a lot of stress.

However, likely because fewer than a third of respondents work full time, many were saved from the prospect of furlough or redundancy and were able to rely on their income from pensions and investments.

Indeed, over 50s appear relatively better off since the last survey in 2019, having grown their income by a greater proportion than the average UK household.

And if the short-term growth prospects for the economy are to be believed, we can predict that incomes will grow further when we conduct this survey again.

I'm sure we'll all find it reassuring that over 50s are, on the whole, happy with their lives.

By following their advice to save and start a pension as soon as possible, there's no reason why we all can't enjoy a comfortable and contented retirement.





Thank you

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Finances after 50 2021 report, contact:

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