

**Press Release**

**25 September 2017**

## **A new approach is needed to reduce the UK savings gap from £9 trillion**

Only 50% of people in their 30s and 40 in the UK are saving adequately for later life<sup>1</sup> and a quarter of self-employed people are not saving anything. This means the UK population is underfunding necessary private savings for retirement by £850 million per day (compared with £310 billion in 2017)<sup>2</sup>. The accrued shortfall now stands at £9 trillion.

Many of the generation in their 20s and 30s will be renting throughout their working life and retirement and will therefore have no home equity to support their retirements. This inability to prepare for retirement will only increase the savings gap further.

The UK has implemented several initiatives such as auto-enrolment to tackle these challenges; however, substantive changes are needed in order to prevent a retirement savings crisis.

### **The solution**

As stated in the 2016/2017 Work and Pensions Parliamentary Review, Aquila Heywood believes that the changes required to avert a retirement savings crisis are:

#### **1. Mandatory employer contributions**

Employer contributions should be increased from 1% to 3%, and then increased further with each successive budget until it reaches 12%. This should include the self-employed.

#### **2. Rewarding personal responsibility**

Tax incentives should be protected to reward those who reduce their future liability on the State.

#### **3. Approaching engagement differently**

The UK population is disengaged from the pensions industry, and individuals rarely consider retirement saving until their 40s. Engaging with taxpayers on a personal level and providing digital resources to assist lifelong financial goals is crucial.

---

<sup>1</sup> <http://reference.scottishwidows.co.uk/docs/46273-2016.pdf>

<sup>2</sup> <http://www.pensionsage.com/pa/UK%27s-annual-pension-savings-gap-falls-to-%C2%A3310bn-Aviva.php>



Simon Barker, Group Chief Executive of Aquila Heywood said: 'Our mission is to empower people to take responsibility for their financial wellbeing by making informed choices. We believe personalising engagement is vital in achieving this, as it will encourage people to save, prepare for retirement and engage with their pensions at a younger age. To this end, we have been involved in the Pensions Dashboard. This will be an essential engagement component, as it will allow people to see all their pension savings in one place.'

-ENDS-

For more information and media enquiries regarding Aquila Heywood, please contact:

Aquila Heywood  
Emma Fisher, Marketing Executive  
[emma.fisher@aquilaheywood.co.uk](mailto:emma.fisher@aquilaheywood.co.uk)  
Switchboard: 01737 859859, Direct dial: 01737 857078

Aquila Heywood, Aquila House, 35 London Road, REDHILL RH1 1NJ  
[www.aquilaheywood.co.uk](http://www.aquilaheywood.co.uk)