

Supporting the person behind the pension



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Retirement planning is often framed as a numbers game – contributions, compound growth, drawdown strategies. But behind every pension pot is a person juggling real-life pressures, information overload and emotionally charged decisions. For many Defined Contribution (DC) savers, retirement planning isn't just a financial task – it's a balancing act.

Limited knowledge and financial literacy, low confidence, and competing priorities – from childcare to eldercare – can push pensions to the bottom of the to-do list. The result? Delayed action, missed opportunities, and decisions that may not support long-term financial wellbeing.

Responsibility versus readiness

The shift from Defined Benefit (DB) to DC has changed the retirement landscape. We're moving into what we call 'generation DC'. A generation of savers where there is more onus on them to directly own their retirement planning and decisions. This can include how much they pay into their account, where they invest and importantly when and how they take their retirement savings.

However, our recent surveys show a persistent and growing gap between that responsibility and actual readiness.

Many savers feel overwhelmed by the complexity of pension choices. They're unsure how much they need, when to access their savings, or how to balance short-term needs with long-term goals.

What our data tells us

This year, our surveys have shed light on the pressures and behavioural dynamics that influence how individuals approach retirement decisions.

Savers under pressure: Financial caring¹

One of the most overlooked pressures facing DC savers is financial caregiving. Today, 8.4 million UK adults – around 16% – support older or vulnerable relatives financially. Another 6.8 million expect to take on this role in the future.

The average financial carer is just 36 years old, supporting a relative aged 70. These responsibilities often come at a cost. Our survey highlighted that one in 10 have accessed pension savings early to cover care-related expenses. And 7% expect to delay their own retirement by five years or more while helping family members.

Worryingly, only 25% of financial carers say they understand how pensions work, and 15% report that their lack of knowledge caused problems when trying to help.

¹ Survey conducted, on behalf of L&G, by Opinium between 25 July – 2 August 2025, among 4,000 UK adults. Of 4,000 UK adults surveyed, 621 describe themselves as financial carers managing money on behalf of an older relative(s). Our modelling suggests that across the UK adult population of 54,196,443, this equates to a national figure of 8,413,998 who are financial carers. Additionally, 453 expect to be financial carers in the future. Our modelling suggests that across the UK adult population of 54,196,443, this equates to a national figure of 6,137,747 who expect to become financial carers.

The lottery effect: Retirement regret²

In a survey looking at how retirees spend their savings, we found that many retirees could be set to empty their DC retirement savings account by their late 70s. Based on current spending rates, this could leave nine years of unfunded retirement on average.

When accessing their pension savings, our 'lottery effect' research revealed that one in seven people viewed the cash lump sum as a windfall – an unexpected financial bonus – rather than part of their long-term savings.

Almost half said they accessed the cash simply because they could, just to have it to hand. However, 14% of those that took cash from their retirement savings had regrets about doing so or spent more than they planned.

The majority (58%) of those surveyed accessed their pension without seeking any formal advice or guidance from their pension provider, an adviser or from support services.

This 'lottery effect' reflects a deeper issue: a lack of financial literacy, guidance, and emotional preparedness at the point of retirement.

Cashing out challenges³

Early access to pension savings is often framed as flexibility – but for many, it leads to unintended consequences.

In additional research, we found that one in five people are withdrawing cash lump sums from their pension as soon as they turn 55, with 10% withdrawing their entire pot.

However, many are doing so without seeking guidance and understanding the financial consequences. This can include unexpected tax bills, losing access to benefits, potentially higher investment platform fees or missing out on long-term investment growth.

After understanding the consequences, one in five would withdraw less – or none – if given the choice again.

These findings highlight the need for clearer communication, better tools, and more personalised support. This means moving beyond generic communications to deliver targeted support throughout all key life stages.

How behavioural biases impact decisions

Our biases can influence what we do with our money, potentially resulting in inadequate planning for the future or making us more likely to spend too much in the here and now.

Perceptions of risk also often come into decision making. We tend to favour decisions that feel more certain. As a result, we can feel that having or using money in the here and now is less risky than waiting to access it, even though this may actually create more risk for our future selves.

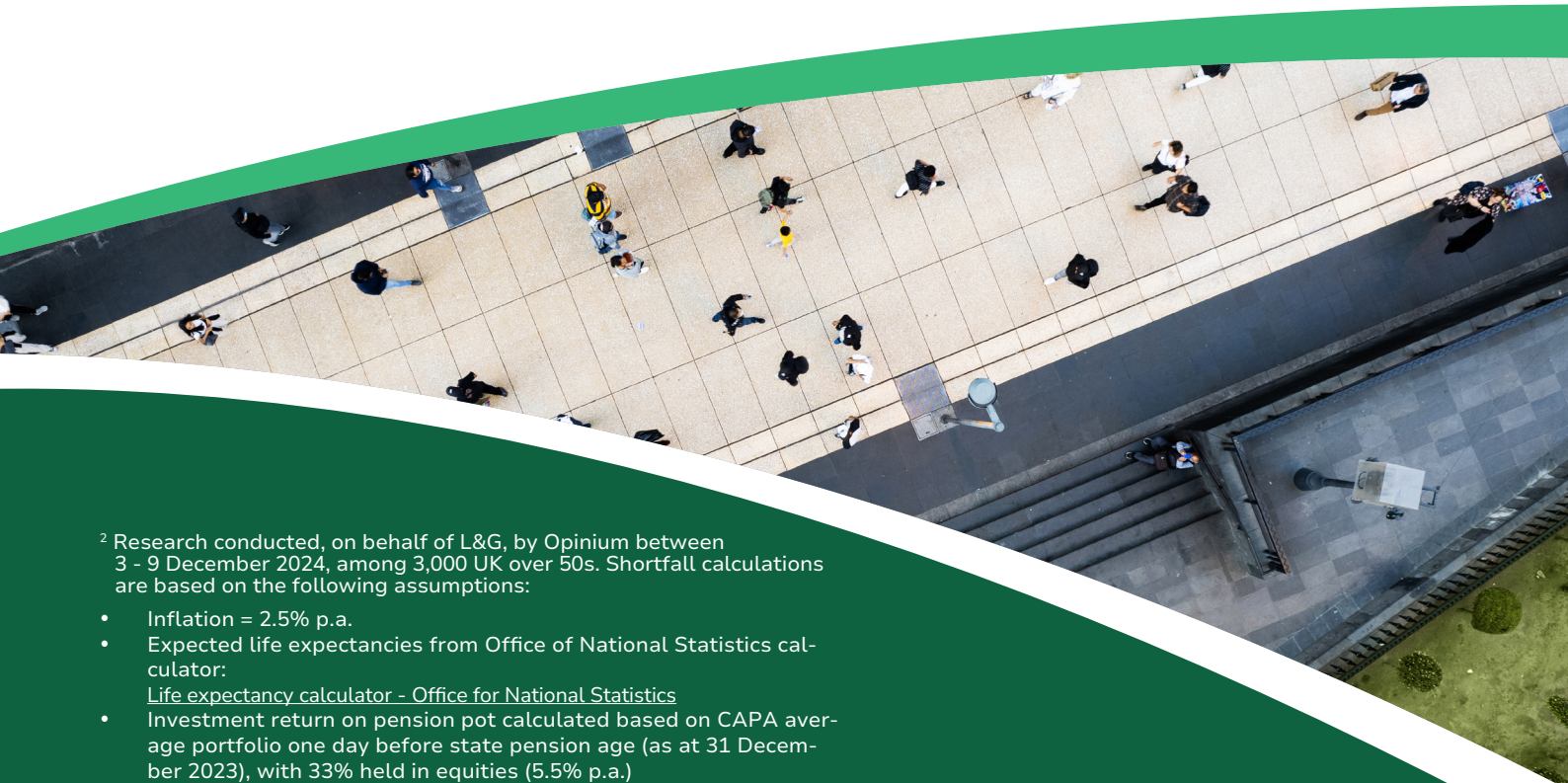
Retirement planning needs to feel tangible, understandable and manageable. If it feels too difficult people won't engage. Generally, people will avoid uncertainty and complexity.

There is a dual onus on the industry and individuals for more people to take control of their finances. Simpler language and helpful tools that act on behavioural nudges are important for the industry.

² Research conducted, on behalf of L&G, by Opinium between 3 - 9 December 2024, among 3,000 UK over 50s. Shortfall calculations are based on the following assumptions:

- Inflation = 2.5% p.a.
- Expected life expectancies from Office of National Statistics calculator:
[Life expectancy calculator - Office for National Statistics](#)
- Investment return on pension pot calculated based on CAPA average portfolio one day before state pension age (as at 31 December 2023), with 33% held in equities (5.5% p.a.)

³ Research conducted, on behalf of L&G, by Opinium between 3 - 9 December 2024, among 3,000 UK over 50s.



Solutions that support life's big moments

For us, it's about understanding the confidence gaps that exists, the behavioural biases at play and then providing innovative solutions that bridge that gap, making it easy and engaging for people to keep track of their retirement savings and take positive action.

Our services can help DC members build a holistic view of their finances, including pensions, savings, investments, and property. This holistic view is an increasingly important consideration as part of retirement planning.

Once a member has this bird's eye view and understands what kind of retirement income and lifestyle they want, it's easier to plan and address any identified shortfalls. Shortfall solutions can include things like increasing monthly pension contributions, supplementing pension savings with an independent savings account (ISA), using their home to help fund their retirement, working part time in retirement or delaying their retirement until later.

Through our member engagement engine, we combine behavioural insight with real-time data to really understand the challenges faced by members throughout their different life stages. This has led to our digital guidance solution that is built on behavioural insight, data and research. It supports members by adapting to their unique needs and levels of financial literacy. It doesn't just guide, it connects members to deeper support, including financial advice and personalised education pathways.

Ultimately our guided retirement planner seeks to simplify retirement decisions through a personalised, tech-driven experience. It's designed to be dynamic, adapting in real time to what the user inputs. Members can easily assess savings, set goals, create a strategy and solve shortfalls.

One in three members have created a full retirement plan and strategy. And a 50% reduction in members facing shortfalls, after adjusting their plans, has been reported so far (based on the number of retirement members completing their plan and taking the suggested action).

It was a market first at launch and has exceeded all usage expectations since then, showing how effectively it supports our at-retirement members. Owing to its success, the digital tool is now being expanded to serve the differing needs of our under-55 members, helping DC savers engage and plan even earlier.

Another example is our award-winning workplace pension app – which is now the highest-rated UK workplace app* and used by one-in-five active members – also incorporates open-finance functionality and behavioural nudges to help savers track and manage their finances.

Additionally, our care concierge service helps members navigate the emotional and financial complexities of caregiving.

We recently celebrated an industry milestone, reaching £200 billion of DC assets under management (as at 1 October 2025). Our scale enables continual investment in technology and services designed to help our members plan more confidently for retirement – all of which are essential to support the person behind the pension.

* With 4.8 stars on both iOS and 4.9 on Android at as September 2025. Recognised as 'Most Engaging' in the BehindLogin Experience Awards.

Important information

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