

**THE GEN Z**

# PENSION PLANNING *REPORT*

The earlier you start saving for retirement, the more comfortable and enjoyable your retirement is going to be.



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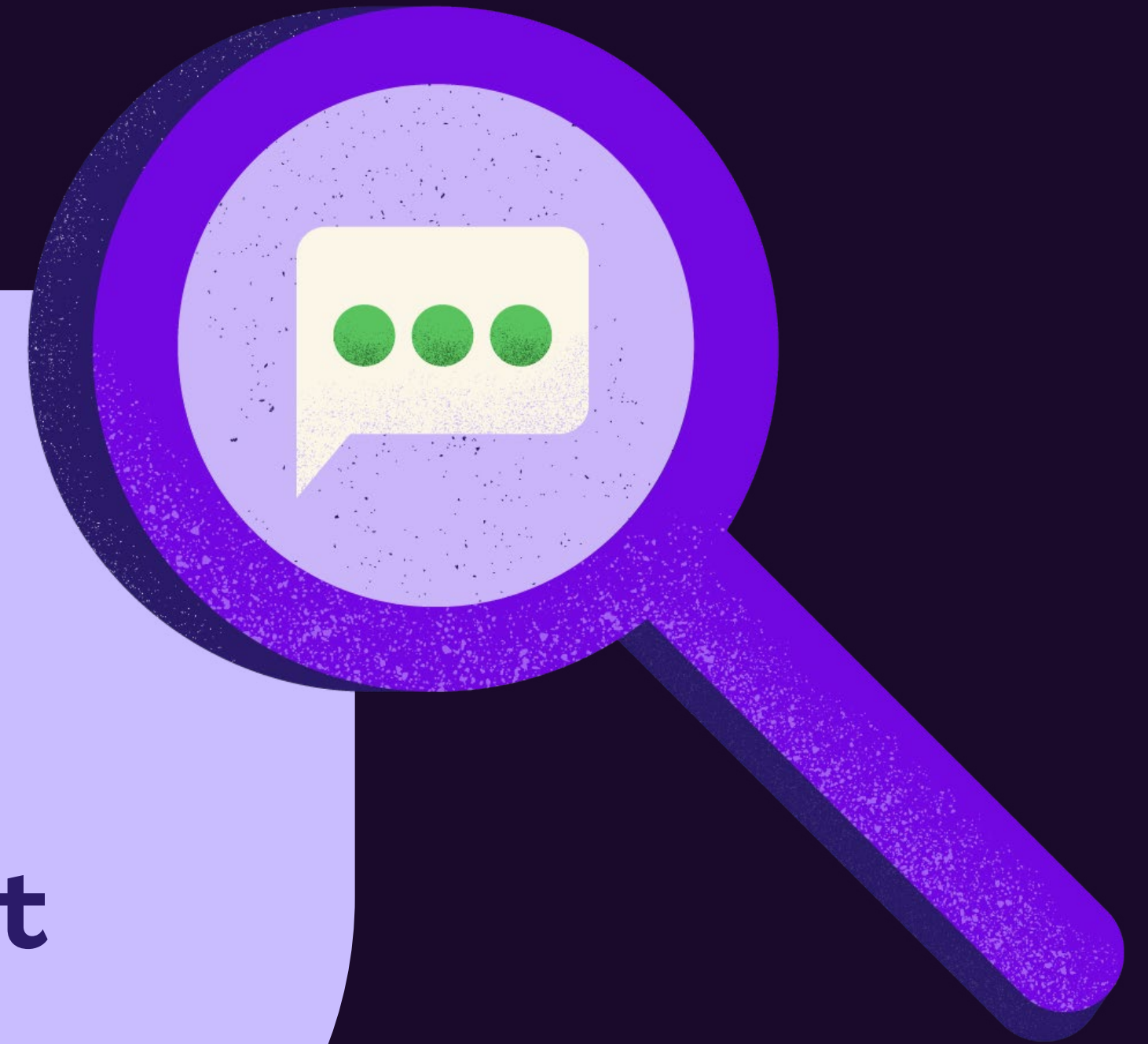
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# 01 **Key findings**

**Summary of Gen Zs retirement  
saving and planning strategy**



# Key findings

**79%**

**Gen Z members have started thinking about pensions & retirement**

**But fewer than half (47%) are saving into a pension today!**



**3 in 5**

Gen Z members say you should start saving for retirement before the age of 31

**More than  
6 in 10**

Gen Z members say retirement feels too far away to worry about

**But,  
55%**

admit they will probably regret - or already regret - not starting to save for retirement sooner

**Almost  
6 in 10**

Gen Z members say they fully or mostly understand how a pension works

**But fewer than  
3 in 10**

know that ISAs can be used to save for retirement

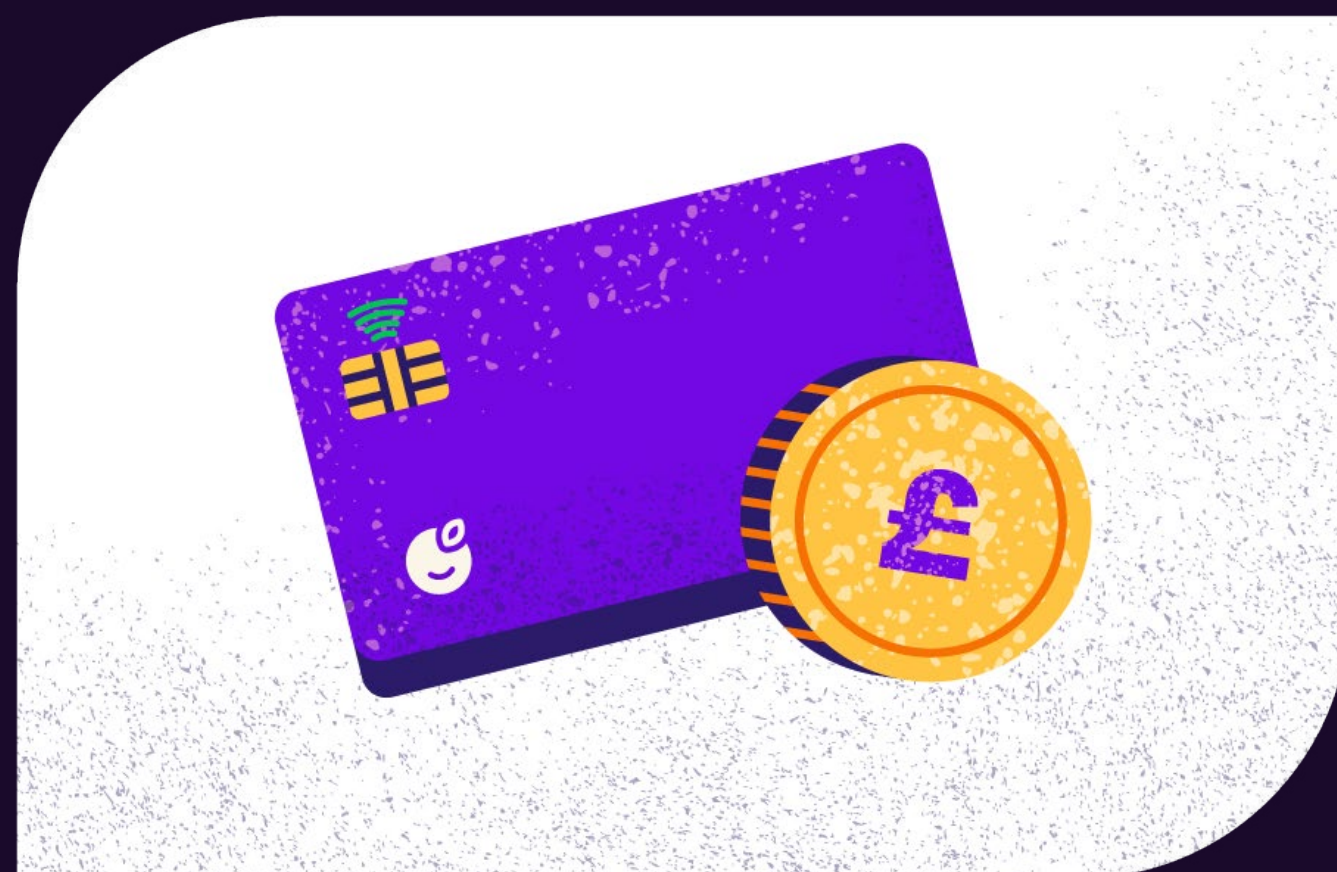


# 02 **Why Gen Z need to care about retirement savings now**

even if it feels far away...

# It's no surprise that most young people aged 13 to 28 haven't started thinking about their retirement...

**...but starting early makes a big difference, especially for Gen Z (born 1997 to 2012).**



**The good news? If you're part of Gen Z you've got some financial advantages that older generations didn't have. Thanks to workplace pensions, your employers will help you save throughout your working life. Plus, the government adds tax relief to help your savings grow over time, so you will have more money to live on when you retire.**

Still, to have a comfortable retirement, saving just the minimum level might not be enough. Adding money to a private pension or another tax-friendly savings product can really boost the size of your overall pension pot.

We know saving isn't easy right now. Living costs and housing are expensive. Many Gen Z are also paying off student loans.

But the sooner you start saving, the easier it gets and the more your money grows, thanks to compound interest and investment returns. That's why starting now could mean a more relaxed and enjoyable retirement down the line.

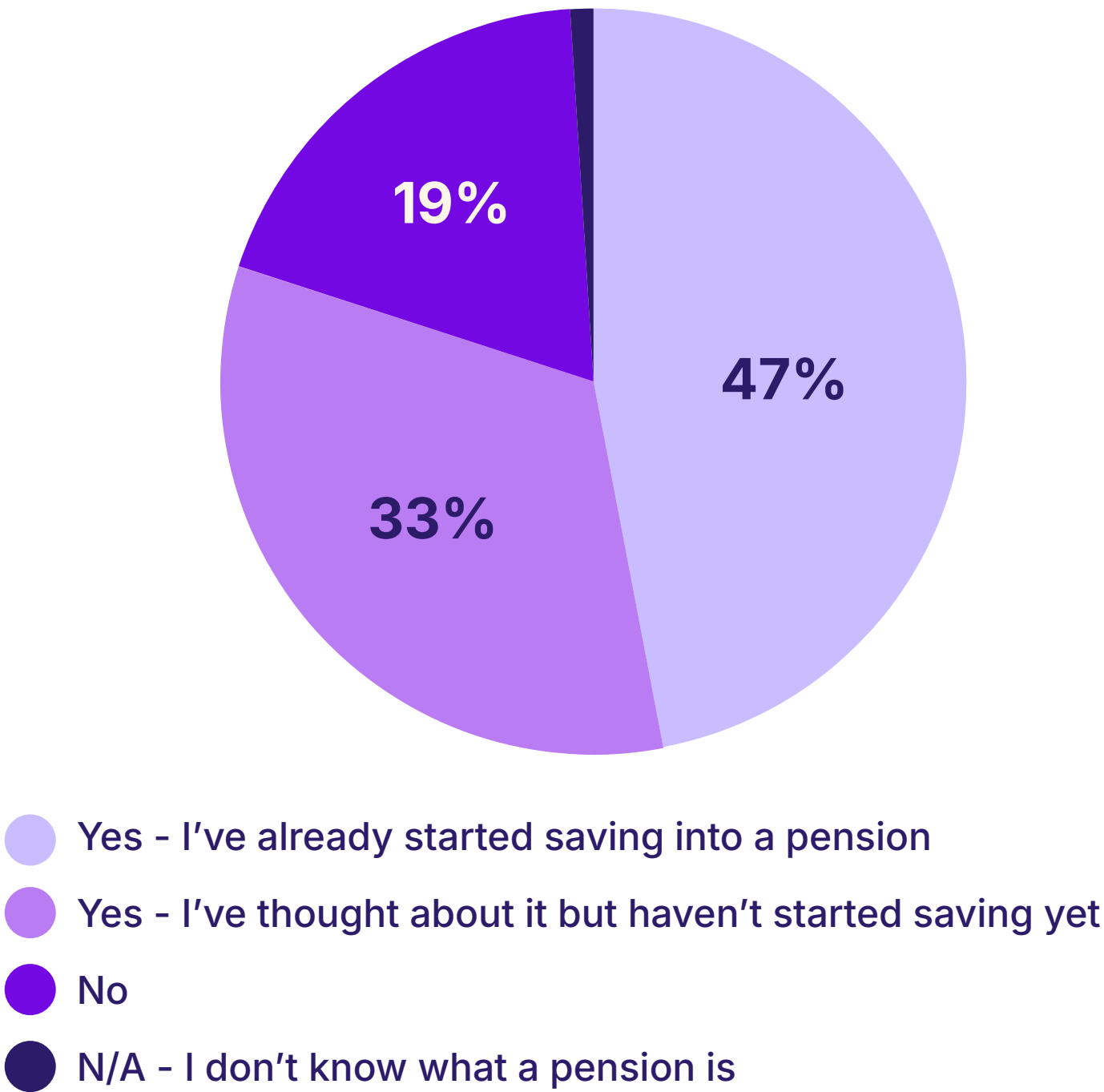
# How many are saving?

To see where Gen Z really stands, we surveyed 1,000 people aged 18 to 28. The results show some are on the right track, but plenty more have some catching up to do.



We found almost eight out of ten Gen Z (79%) have started thinking about pensions and retirement, but less than half (47%) are saving into a pension currently.

Have you ever put any thought into your pension or retirement savings?



For those not saving yet, the top reasons are: "I plan to sort it later", "I don't earn enough to save", or "It feels too far away to worry about". Some say they don't understand pensions, or that they just forget about the subject altogether.

## Why do you think you haven't started saving into a pension yet?



# A difficult subject?

How do Gen Z feel when they hear words like 'pension', 'retirement' or 'future planning'?

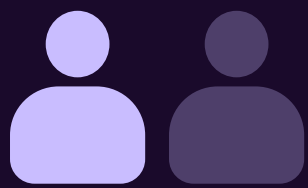
**Anxious 31%**

**Overwhelmed 27%**

**Curious 19%**

**Motivated 17%**

**Hopeful 17%**



**Over half (55%)** of Gen Z agree they'd probably regret or already regret not starting their pension earlier.

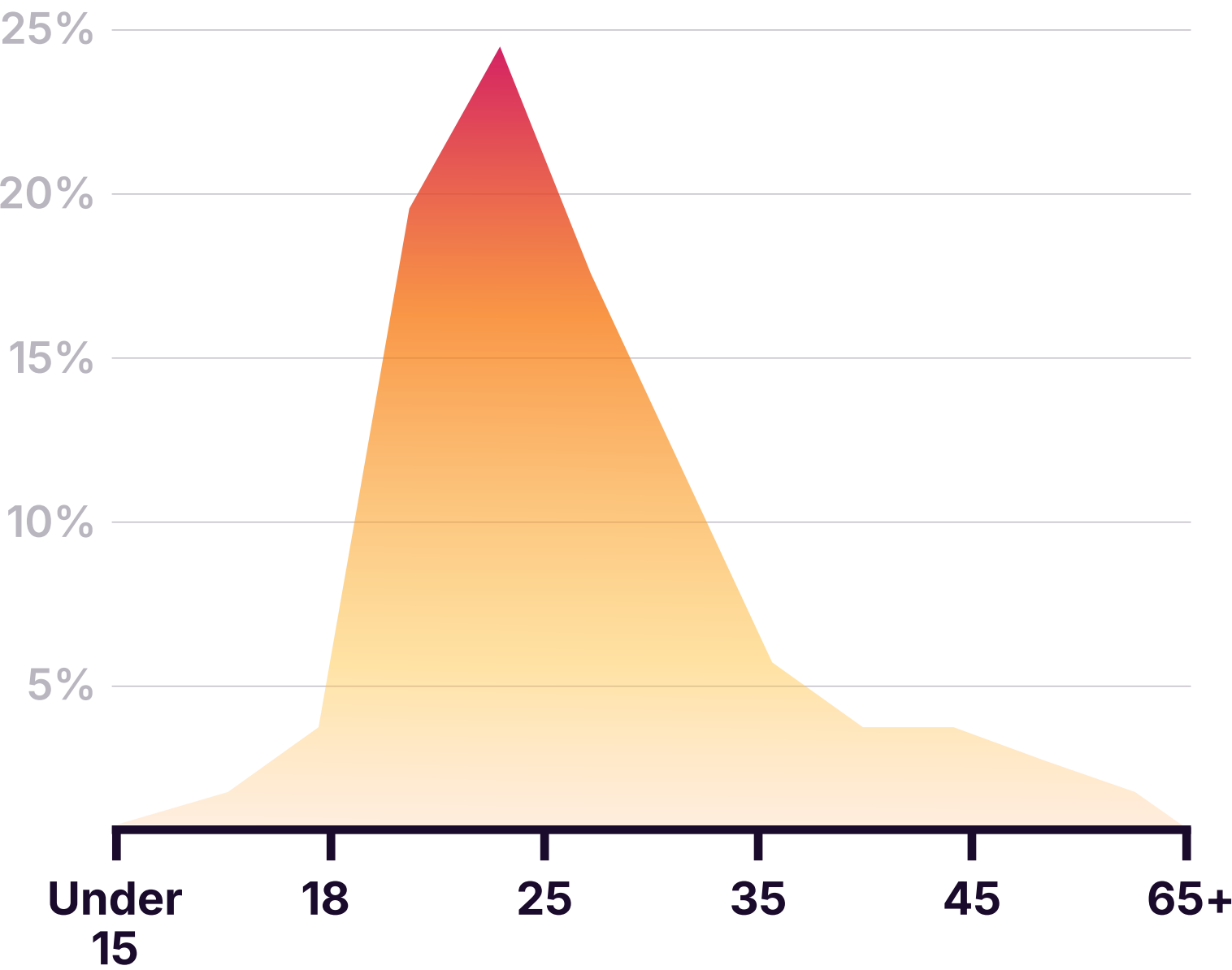
More than six out of ten Gen Z (62%) say "Retirement feels too far away to worry about right now". But two out of three (67%) say they often think about their long term financial future. That includes 32% who think about it "very often".

When we asked how people feel about words like "pension", or "retirement", common answers were "anxious", "overwhelmed", "hopeful" and "motivated". But for older Gen Zs (aged 25 to 28), the top two answers were "hopeful" and "motivated" – a great sign that they understand how saving now will pay off later.

Our other findings show that even if many Gen Z members find pensions a stressful subject to think about, or worry that saving money will be difficult, they know they need to start thinking about their financial futures.

We asked when someone should start saving for retirement. Six out of ten Gen Z members say you should start before the age of 31. That includes 43% who say the best time to start saving for retirement is between the ages of 18 and 25.

## What age do you think people should ideally start saving for retirement?



# So, who is most responsible for sorting out a pension?

Here's what people think:

It's true that the government provides the state pension and makes sure the system works, and that employers typically provide workplace pensions. But it's mainly up to each of us to take charge of our retirement plans, whether we're using a workplace pension, a private pension (like a Self Invested Personal Pension), or another savings or investment product.



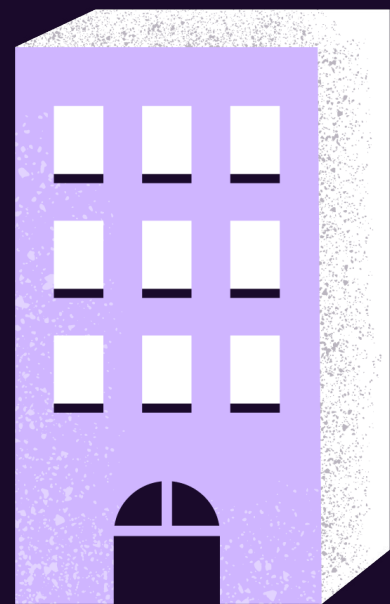
32%

say the government



29%

say employees



21%

say employers

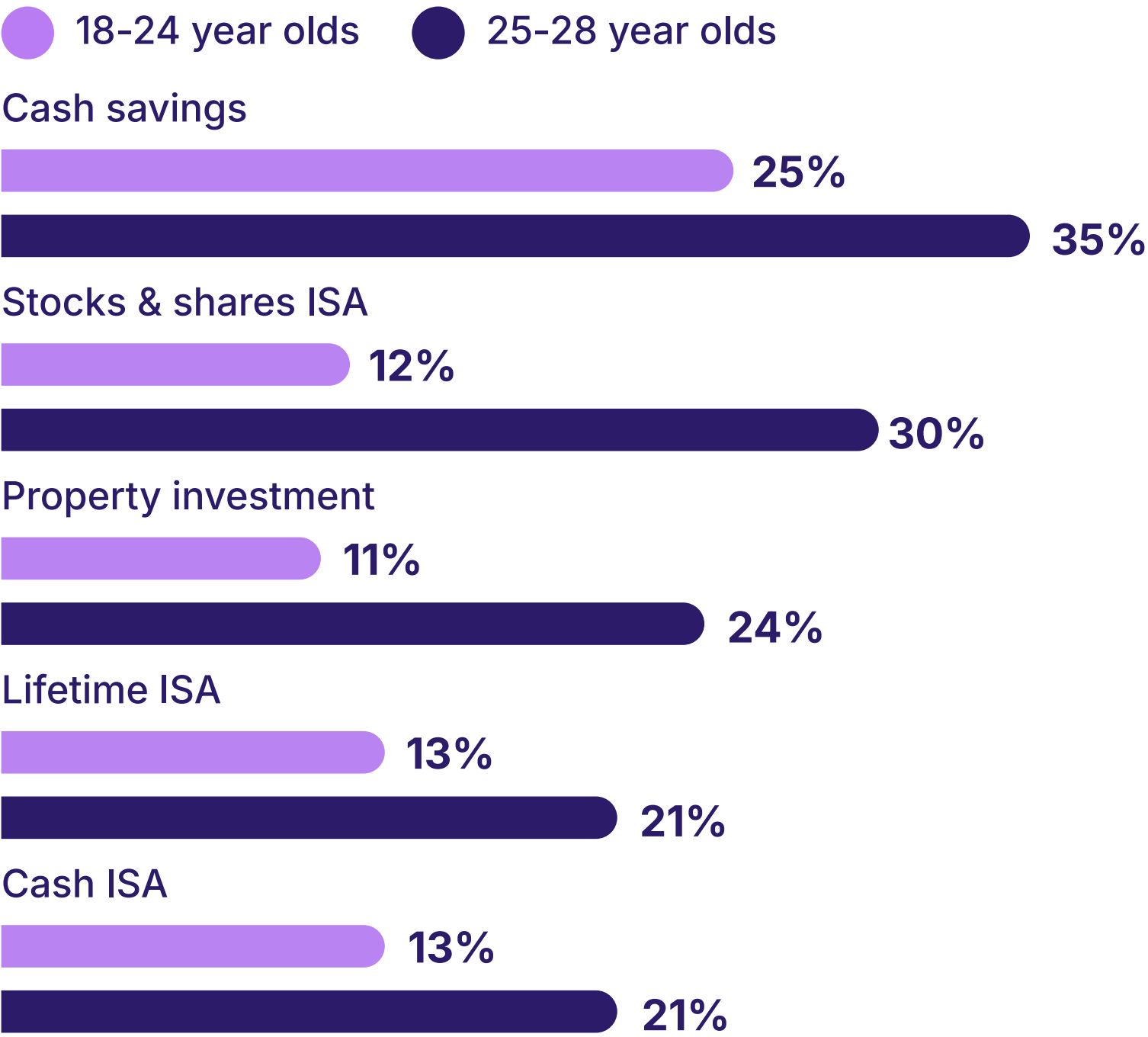


19%

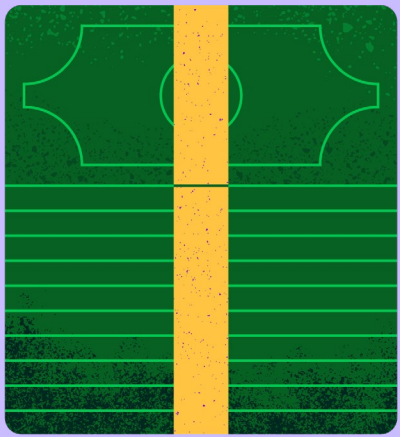
aren't sure

# Saving for retirement

Clearly, some Gen Zs are trying to save for retirement. But the big question is: are they saving enough, and with the right tools, to enjoy the retirement they want?



# What savings accounts do you have for retirement?



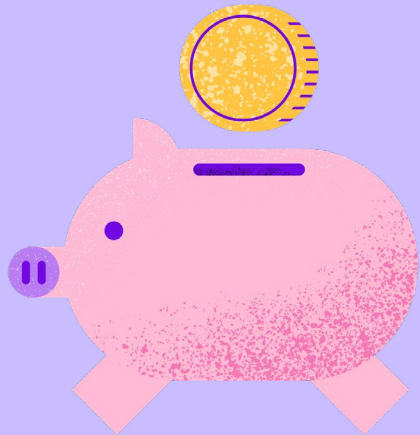
**30%**  
Cash savings



**20%**  
Stocks & shares ISA



**17%**  
Property investment



**17%**  
Lifetime ISA

03

## **What Gen Zs want from retirement**



# What does a luxury retirement mean to you?



58%

Owning my own home



58%

Travelling the world



49%

Not worrying about bills



45%

Eating out and enjoying leisure

# A “luxury” retirement

When asked what a luxury retirement would mean for them, Gen Zs pick out things showing their desire for comfort, financial security and fun. Almost six out of ten highlight owning their own home and travelling the world. Nearly half (49%) mention not worrying about bills, while almost as many point out being able to help their children and enjoy the extra leisure time.

But it’s also striking that more than one in three favour retiring early, something they’ll only have the chance to do if they start saving as soon as they can.

37%

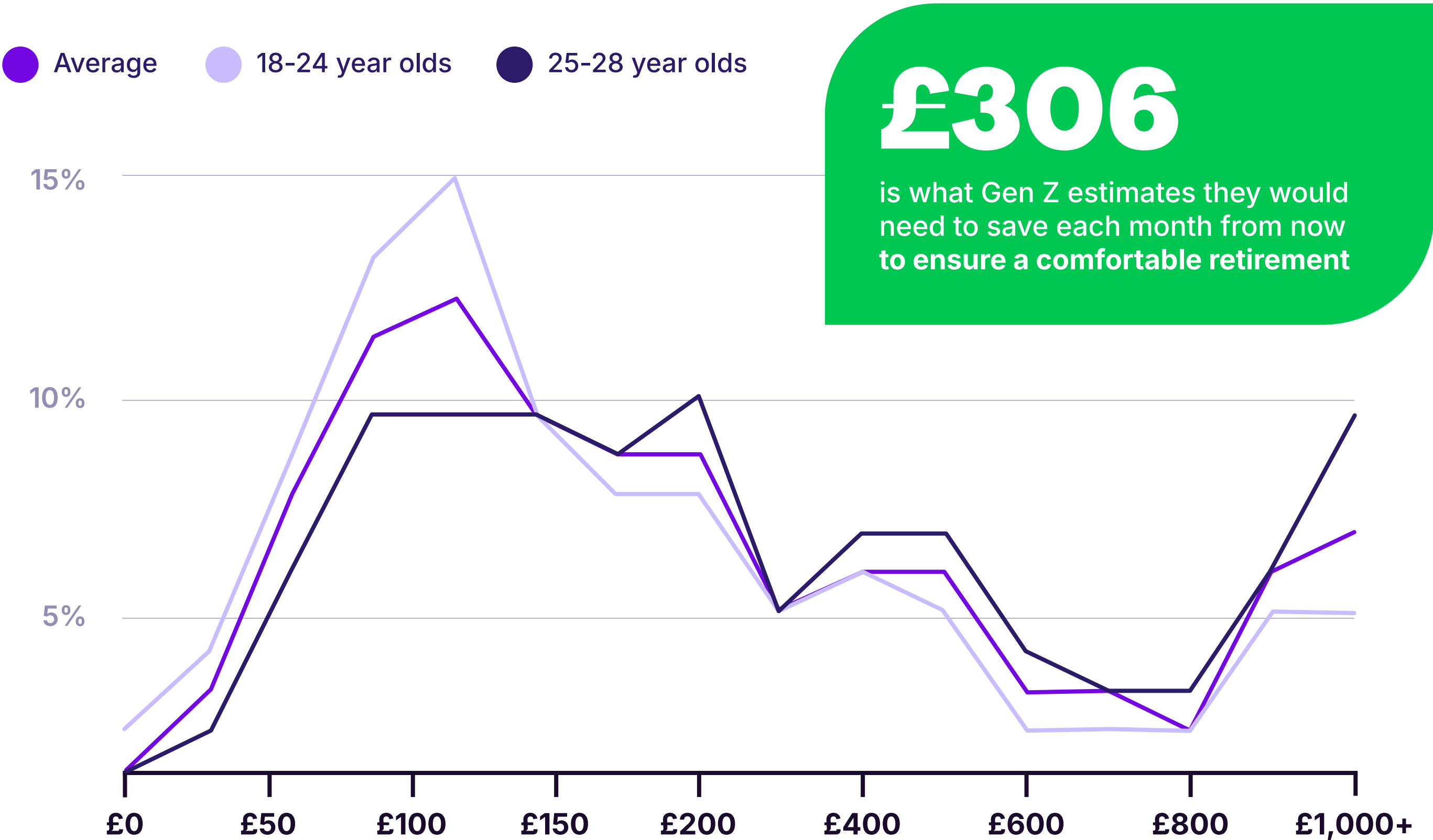
of Gen Z think retiring early would be a luxury for them

But how much would they have to save to make that possible? When asked how much they would need to save every month to ensure a comfortable retirement, the average Gen Z estimate is £306, including an employer’s pension contributions. Older Gen Z members (aged 25 to 28) suggest a higher estimate (£375) than those under 25 (£244).



**Almost two-thirds**  
of Gen Z members are confident they will be able to retire “comfortably”

# How much do you think you’d need to save each month from now until retirement to live comfortably later in life?



# On average, Gen Zs would like to retire by 60.

44% would like to retire before that. There’s little chance they’ll be able to afford to do so unless they start saving now, as much as they can.

Researchers at pensions sector body Pensions UK and Loughborough University have defined “minimum”, “moderate” and “comfortable” living standards in retirement. Their calculations suggest that the annual income needed for a “comfortable” retirement will be the future equivalent of at least £43,900 for one person, or £60,600 for a couple.

Their research also shows that whatever level someone’s income might be, they should be saving a minimum of 8% of that income for retirement – and have a much better chance of enjoying a comfortable retirement if they can save 12% or more of their income<sup>1</sup>.

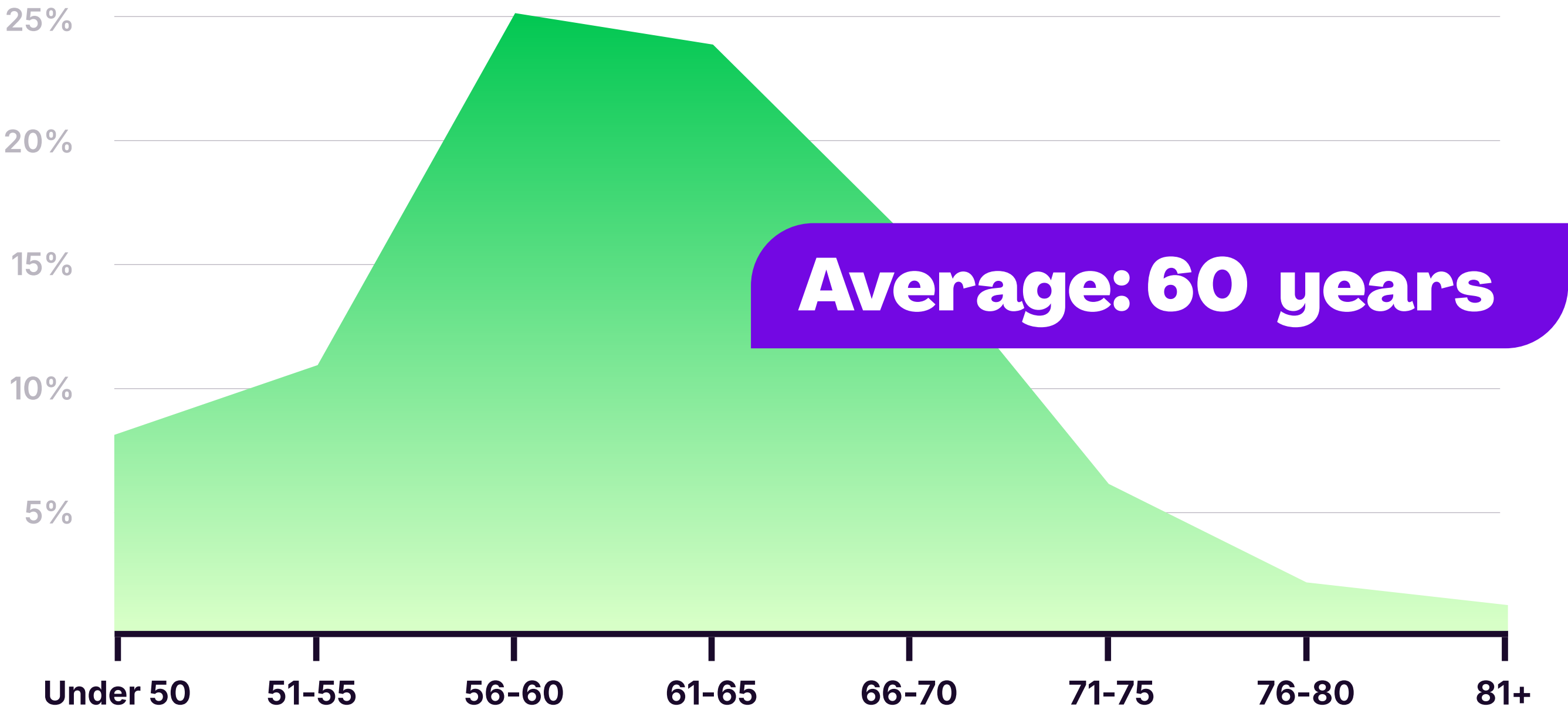
<sup>1</sup> Pensions UK / Loughborough University Retirement Living Standards research: <https://www.retirementlivingstandards.org.uk/>

85%

of Gen Z say that saving a little bit of money now could make a big difference to their retirement income

It’s obvious that starting to save as early as you can, and saving as much as you can makes a big difference to how much money you have to live on in retirement. But every extra penny you save helps to improve the final outcome.

How old would you like to be when you retire?



# What, if anything, would motivate you to start saving for retirement sooner?

We asked Gen Z members who are not yet saving for retirement what might motivate them to start saving for retirement sooner. Obviously, a bigger salary would help – 42% say this. But they also say that knowing more about how much they need to save and the best ways to do it would help too: being able to use a clear plan or an app, simply “knowing how much I need” and better financial education are all high on the list of things they say could help.



42%

Better salary



31%

A clear plan or app



30%

Knowing how much I need



30%


Better financial education

# 04 What do Gen Z know about savings tools?

and how to use them for pensions and retirement



# How does a pension work?

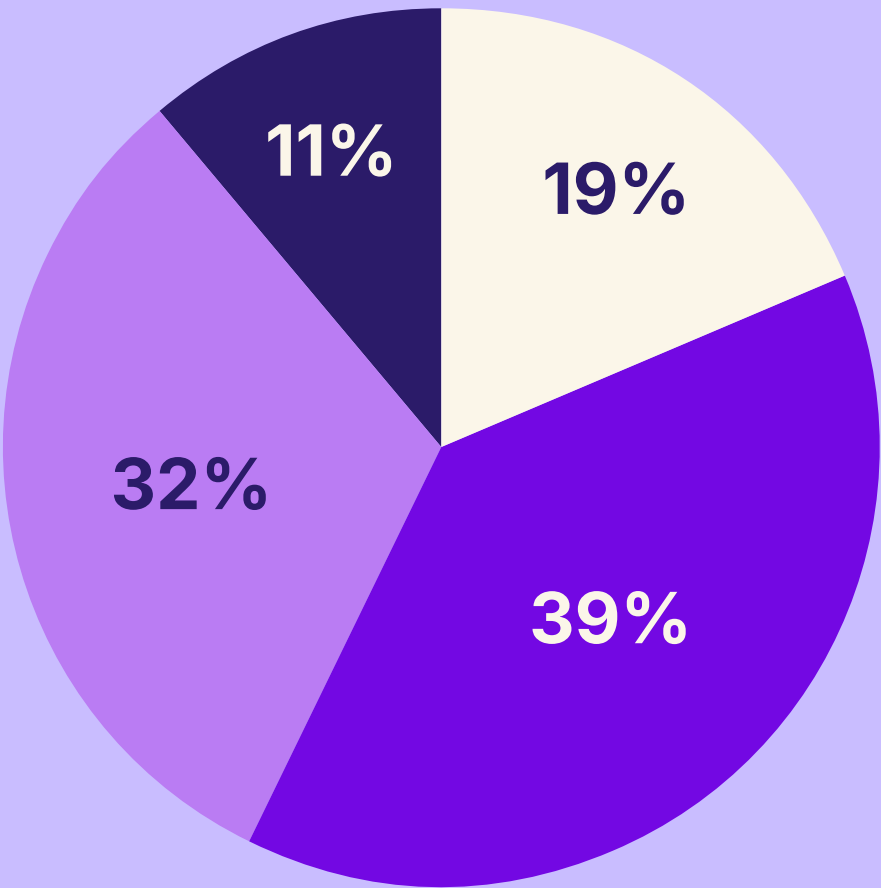


**6 of 10**

members of Gen Z say they fully or mostly understand how a pension works

We also asked Gen Z members if they had ever been shown how to use a pension calculator or a retirement forecast tool. Fewer than a quarter (23%) say they have, while 57% say they haven't but would like to. 96% of those who have used one say they found it useful, including 61% who say it was "very useful".

Do you think you know how a pension actually works?

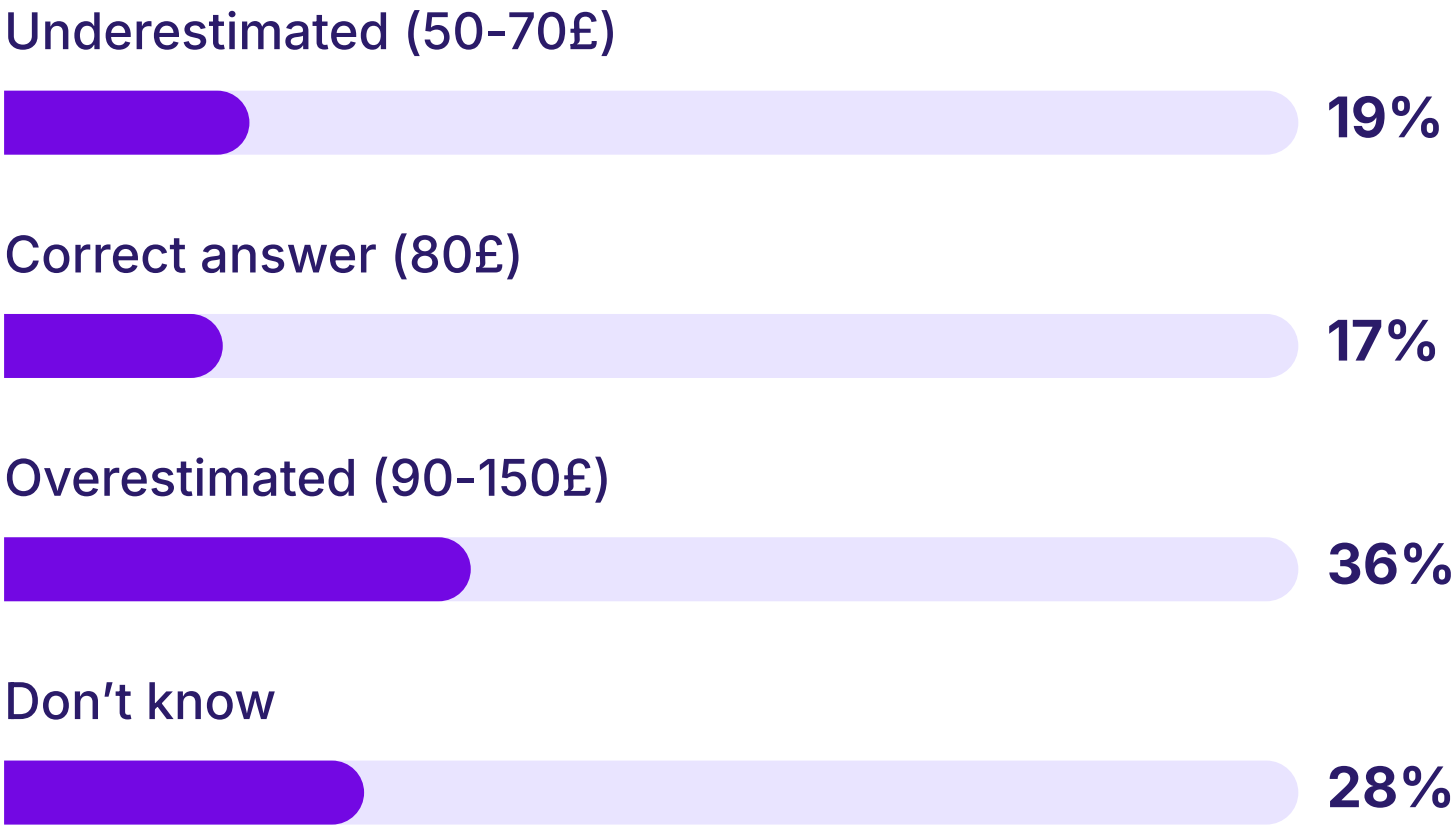


- I fully understand how a pension works
- I mostly understand how a pension works
- I understand a bit of how a pension works
- I don't understand how a pension works at all

## But most Gen Zs don't have a good understanding of how tax relief works in a pension...

When asked how much money a basic rate taxpayer needs to contribute to put £100 into a pension, just 17% give the correct answer of £80. More than one in three (36%) overestimate how much they would pay themselves – and 28% admit they don't know.

How much money does a basic rate taxpayer need to contribute to put £100 into a pension?

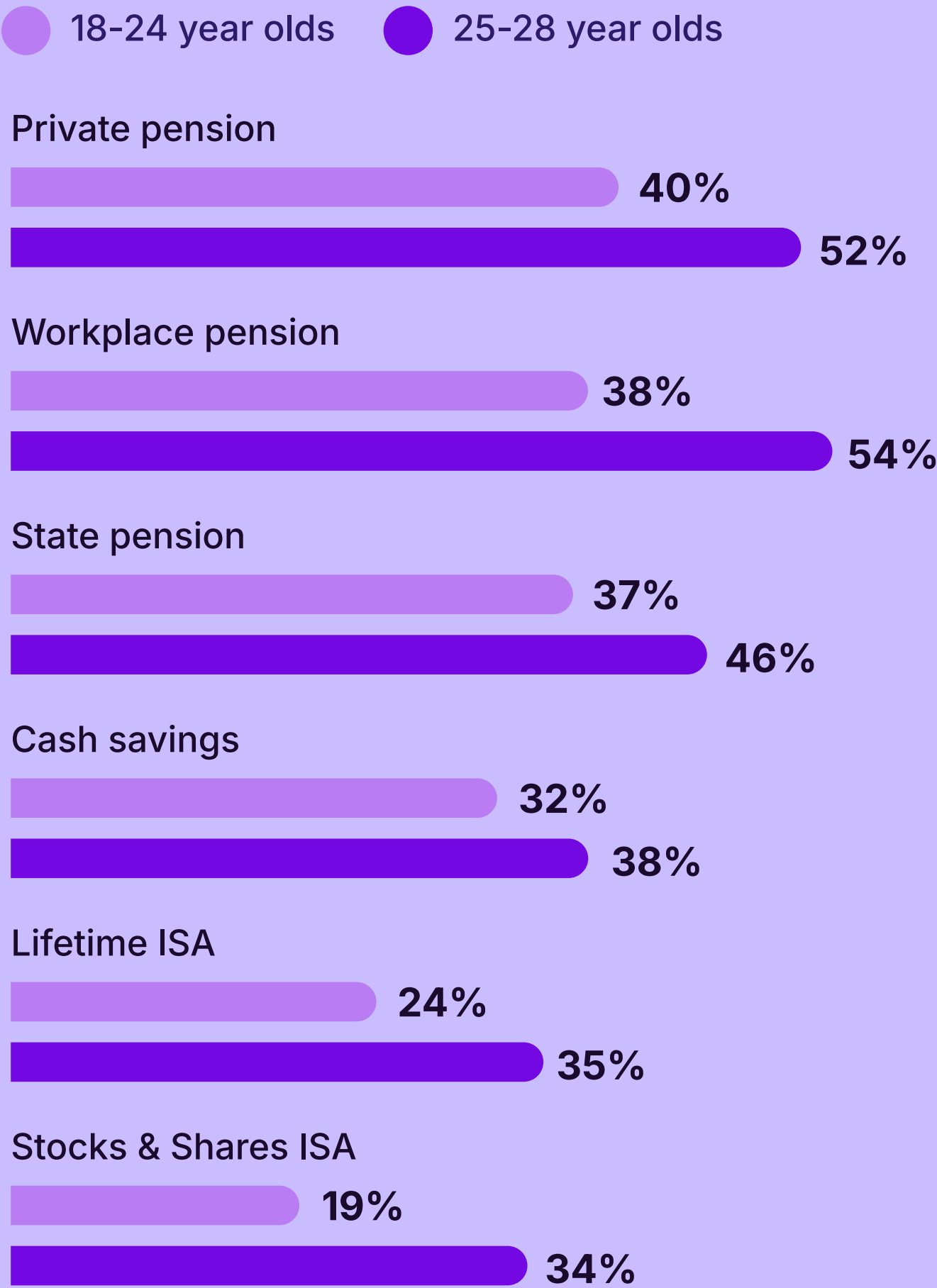


# Knowing the right tools

We also asked which products Gen Zs think count as a pension or retirement saving tool. More than four out of ten correctly picked state, workplace and private pensions.

But fewer than three out of ten know that Individual Savings Accounts (ISAs) can also be used to help save for retirement. Older Gen Z members are more likely to pick out the best tools for retirement saving, but no more than about one in three of them know ISAs can be used like this.

Which, if any, of the following do you think counts as a pension or retirement saving tool?



## Individual Savings Accounts (ISAs) and Lifetime ISAs (LISAs)

ISAs offer a tax-free way to save money, so can be used alongside workplace or private pensions to save for retirement, or other long-term plans. You can put up to £20,000 into one or more ISAs every year and you don't pay any tax on any interest or investment returns you earn.

There are several different types of ISAs, but Lifetime ISAs are specifically designed to help people save for their first home or retirement. Anyone aged 18-39 can open a cash or Stocks and Shares Lifetime ISA.

You can put in up to £4,000 a year into a Lifetime ISA. As well as earning tax-free interest or investment returns, the government adds a 25% bonus to your balance, a max of £1,000 a year, until you close the account or reach the age of 50. You can withdraw your money to buy a property or when you reach the age of 60 without paying a penalty. If you withdraw some or all your money any other time you will be charged a 25% fee on that withdrawal.

# Start saving, as much as you can

## Even if it's only a little each month

**Saving money is difficult. That's particularly true when you're at the start of your working life, earnings are likely to be low, living costs are high and you may also be paying back student loans. Thinking about pensions and retirement can feel difficult too, if you don't understand how pensions or other long-term savings products work, or if retirement just seems a very long way away.**

But if Gen Zs want a comfortable retirement, they need to start saving now, using products and tools that will help get them the best possible returns. It pays to start as early as you can, even if you can only put aside a little each month.

Every penny makes a difference, thanks to the extra boosts that tax relief and compound interest give your savings over time. What you do now could have a huge impact on your future.



# Find out more...

You deserve a retirement that's worth the wait.  
Start your Plum Pension today.

[withplum.com](https://withplum.com)

## How we created this report

This report was based on online research conducted on behalf of Plum by OnePoll in July 2025, based on a survey of 1,000 adult members of Gen Z.

Plum Pension is a Self-Invested Personal Pension (SIPP). Like any pension, it's an investment product, so you could get back less than you put in. You can normally only access the money from age 55 (57 from 2028). Before transferring a pension, please double check that you won't lose valuable guarantees or incur transfer penalties.

