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Planning for the road ahead

Gen Z's caring nature supporting both themselves and loved ones

Younger generations deserve much more credit for planning ahead and beginning to think about retirement when it will still feel so far away for them, according to new research^[1].

The pandemic will likely have impacted their mindset, with issues such as longevity and later life care now at the forefront and providing a stark reminder of the need to have provisions in place for the future – to support both themselves and loved ones.

SAVINGS JOURNEY

Generation Zers (those aged between 18 and 24) appear to be rising to the challenges they face so far and planning for the road ahead and the additional strains their finances will likely need to cover. Generation Z is also the first to have been auto-enrolled into a workplace pensions scheme from the start of their working lives, and will have an entirely different saving experience to that of their parents and grandparents.

As Generation Z begin their savings journey, they may look to benefit from the wisdom of those currently in retirement. With hindsight, a quarter (26%) of retired people wish they had saved more, while 25% felt they underestimated the potential length of their retirement and wish they had known this before they stopped working.

RETIREMENT FINANCES

Almost two-thirds (62%) of adult Generation Zers say they are happy to spend less on themselves so they can help loved ones and any children they have in future. Demonstrating a positive awareness of the demands their retirement finances might have to cover, a quarter (25%) of Generation Z expect to be paying for long-term care for a loved one

in retirement, and 25% also expect to help their parents/in-laws financially.

The findings look to understand the attitudes, hopes and behaviours of people as they manage their finances to and through retirement, while considering the influence that age, affluence, education and gender have on their financial engagement and wellbeing.

FINANCIAL SUPPORT

The research reveals Gen Zers to be a highly caring generation, with 39% believing it's the responsibility of adult children to provide financial support to parents (compared to 29% of 45-54-year-olds, and 21% of 55-64-year-olds).

Providing fresh insight into the financial behaviours and attitudes of various socio-groups,





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the report shows Gen Z adults are already thinking about their future finances, with three in ten (29%) saying they have done 'a great deal of planning or thinking' about how much money they will need to live on in retirement.

FUNDING SOURCES

They appear to have done more planning than their elders, as only a fifth (21%) of Generation X say they've done a great deal of planning or thinking about retirement. Gen Z are thinking about future finances almost as much as the Baby Boomers – the generation closest to or currently in the early stages of retirement – where 31% say they have done a substantial amount of planning.

Furthermore, 62% of Gen Z adults state they are even worried they're spending too much money now in case they run out later in life. However, while Gen Z show a high level of consideration for how much they may need in retirement, and what they may spend their money on, there are still some elements

HOW CAN I MAKE THE MOST OF MY PENSION PLAN WHILE I'M YOUNG?

How you approach your pension planning early in your working life could make a huge difference to how much money you have later on. The sooner you start, the longer your money is invested and has the potential to grow. How much you'll need to save will depend on what sort of lifestyle you'd like to enjoy later in life. Contact us to discuss your requirements.

they are unsure about, with a fifth (20%) not having given any thought to their potential funding sources for retirement – the highest of any age group. ■

Source data:

[1] Boxclever conducted research for Standard Life among 4,896 UK adults. The research is nationally representative of UK adult population in terms of age, gender, region, with 578 people falling into Generation Z. Quantitative fieldwork was conducted between 16 - 23 July 2021. Qualitative fieldwork was conducted between 3 - 11 August 2021.

