Financial Resilience Report 2026

Tracking recovery, risk and resilience

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Introduction

Welcome to our Financial Resilience Report 2026 – Tracking recovery, risk and resilience. The report explores how the uneven recovery from the cost of living crisis is affecting people's ability to cope financially, both now and in the future.

Despite relatively stable inflation and interest rates falling in 2025[1], the recovery from the cost of living crisis has remained fragile. More recently, renewed geopolitical tensions, including the Middle East conflicts, have reintroduced uncertainty into the economic outlook.

Our latest research[2] was carried out in mid March 2026, shortly after the first US strikes against Iran but before the full effects of these events had fed through to household bills. At the time of our fieldwork, most prices had not yet begun to rise significantly, with the exception of fuel and heating oil.

As in previous years, our findings are based on a large, nationally representative online survey of more than 4,000 UK adults.

Introducting the Financial Resilience Barometer

This year, we are launching our **Financial Resilience Barometer**[3], a new way to measure and track how financially resilient or vulnerable people across the UK are.

It draws on responses to a carefully selected set of questions covering short-term resilience (such as cash savings and discretionary income), longer -term resilience (including pension engagement and confidence), and people's ability to cope with unexpected financial shocks. By combining these measures, the Barometer moves beyond isolated indicators to assess overall financial resilience at both an individual and population level.

Understanding the Barometer's scores

The Financial Resilience Barometer is a composite score using data based on eight factors:

- defined contribution pension(s) size
- confidence in the amount saved for retirement
- cash savings
- discretionary income
- confidence in managing money
- ability to cope financially in the event of bereavement
- ability to pay current expenses in the event of illness
- overall financial status.

The aggregate score across these eight data points is converted into a percentage. The higher the percentage, the higher someone's financial resilience is.

Crucially, it enables us not only to assess resilience at a single point in time but also to track how it changes. This makes it possible to see whether improvements in one area (such as higher discretionary income) strengthen overall financial resilience. It also shows where underlying weaknesses persist and how these affect people's finances.

Throughout this report, we use the Barometer to show how financial resilience varies by a range of factors, such as age, income, household type and housing status.

Financial resilience categories

We have created four categories of financial resilience or vulnerability.

Financially Fragile: 0-19%

The Financially Fragile group has the weakest financial resilience, characterised by low savings, little disposable income and limited capacity to cope with life shocks or rising costs.

Economically Exposed: 20-39%

Economically Exposed adults remain vulnerable to shocks and rising costs. They typically have some financial buffer, but further financial pressure could put them at risk of falling into crisis.

Cautiously Coping: 40-59%

People in the Cautiously Coping category typically have moderate financial buffers and greater long-term security than the more financially exposed groups, but are still not fully insulated from ongoing cost pressures.

Robust and Resilient: 60-100%

Robust and Resilient adults are the most financially secure, with higher incomes and greater savings and pensions, making them better placed to cope with financial shocks and maintain long-term financial stability.

"Our new Financial Resilience Barometer shows that many UK adults have low levels of financial resilience. Overall, people who've retired have higher levels of financial resilience than those who are working, although some people are tentatively regaining their financial footing. Having a clearer, more holistic measure of financial resilience helps us understand where progress is being made and where vulnerabilities persist.

Sarah Pennells
Consumer Finance Specialist

1. Interest rates and Bank Rate: our latest decision | Bank of England
2. All figures, unless otherwise stated, are from YouGov plc. Total sample size was 4,043 adults. Fieldwork was undertaken between 4 March and 19 March 2026. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).
3. All data relating to the Financial Resilience Barometer has been created by Royal London's Insight team.

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Summary

This report explores the levels of financial resilience of different demographics of the UK population using our Financial Resilience Barometer. The results show a mixed picture with some groups coping better with the financial challenges of the previous 12 months than others.

While most demographic groups sit within the Economically Exposed category, some are significantly more financially vulnerable.

Key insights

Financial fragility is widespread

30% of our sample fall into the Financially Fragile group with low savings, little disposable income and limited ability to absorb financial shocks.

Only a minority of UK adults are Robust and Resilient

This group has sufficient day-to-day money, short- and long-term savings, and the financial headroom to cope with life's ups and downs.

Life events have lasting consequences

As you would expect, people's financial vulnerability rises sharply after life shocks such as bereavement, divorce or job loss.

Employment does not insulate from financial pressures

More than a third of employees are Financially Fragile.

Cash savings are a critical factor in financial resilience

Financially Fragile adults have average cash savings of just £1,136, versus £19,984 for all UK adults.

Homeownership is closely linked to financial resilience

Social housing and local authority renters have a resilience score of just 19%, compared with 45% for outright homeowners, who are mostly in the Cautiously Coping category.

Disposable income increases sharply with financial resilience

Financially Fragile adults have just £77 in monthly discretionary income, compared with £436 across all UK adults and £1,061 for the Robust and Resilient.

The pension gap is wide

Financially Fragile adults have average pension savings of £15,075[1], compared with £93,221 across the UK and £230,361 for the Robust and Resilient.

Cost of living pressures disproportionately affect the most vulnerable

Those in the Financially Fragile group struggle to meet day-to-day living expenses, leaving little money or resources to build long-term financial security.

1. This year we have changed the method of calculating our averages for pension pot wealth. Therefore any average figures cannot be compared to previous Financial Resilience reports. All other averages quoted are not affected.

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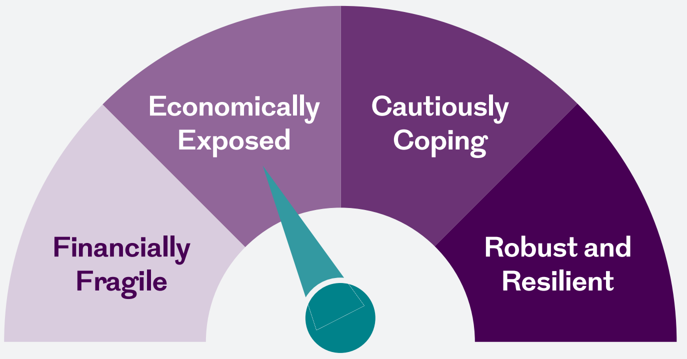
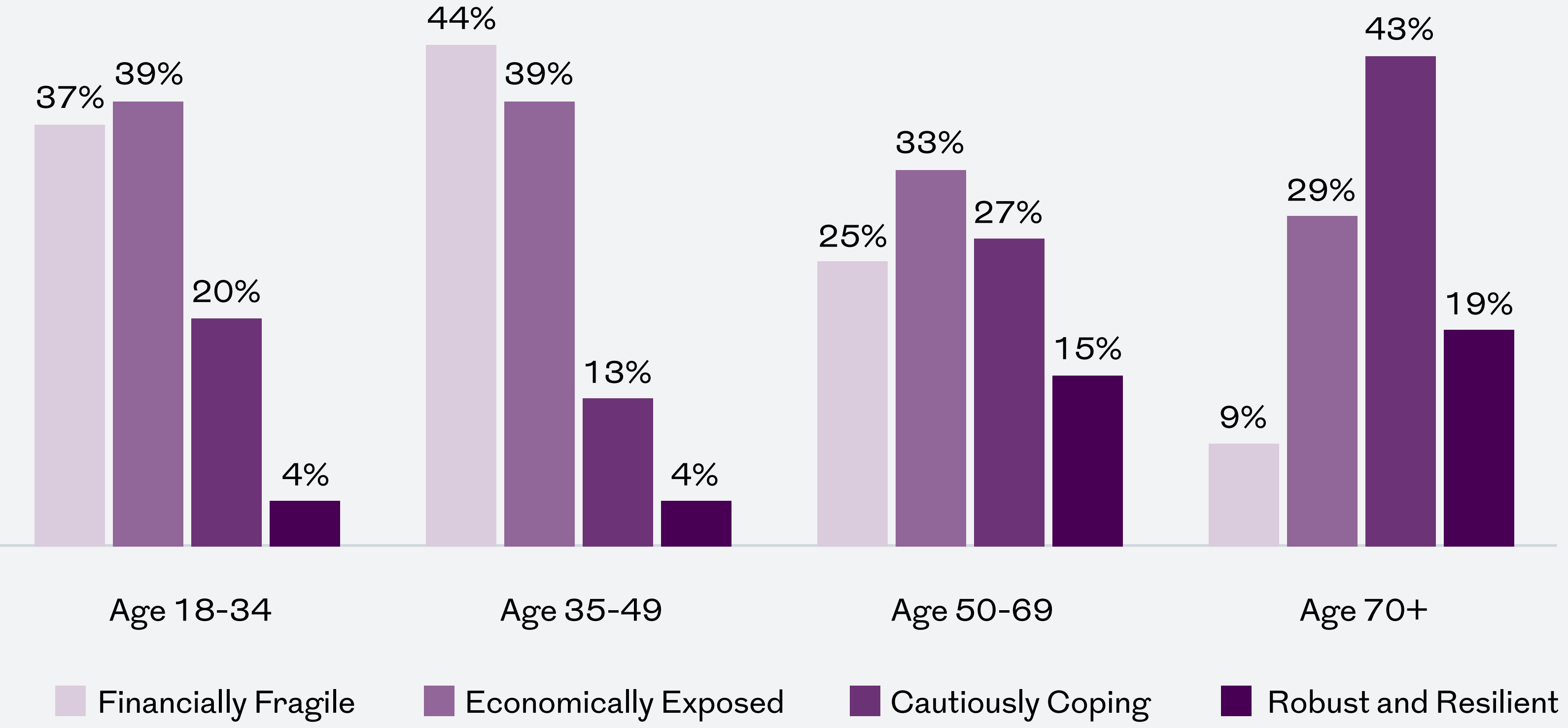
Financial Resilience Barometer

In 2026, the Financial Resilience Barometer for the UK adult population stands at 33%, placing UK adults in the Economically Exposed category.

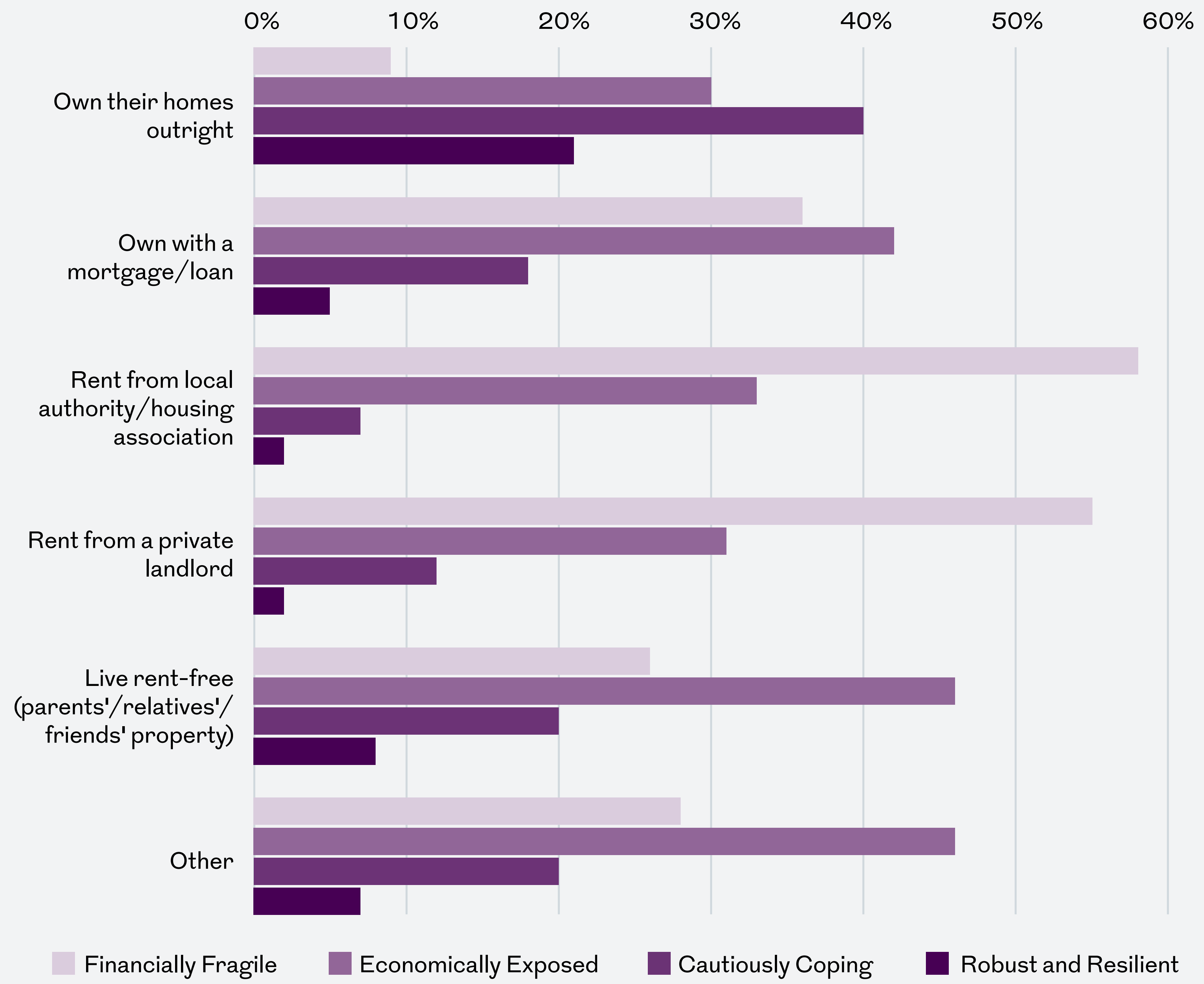


Financial resilience category across gender

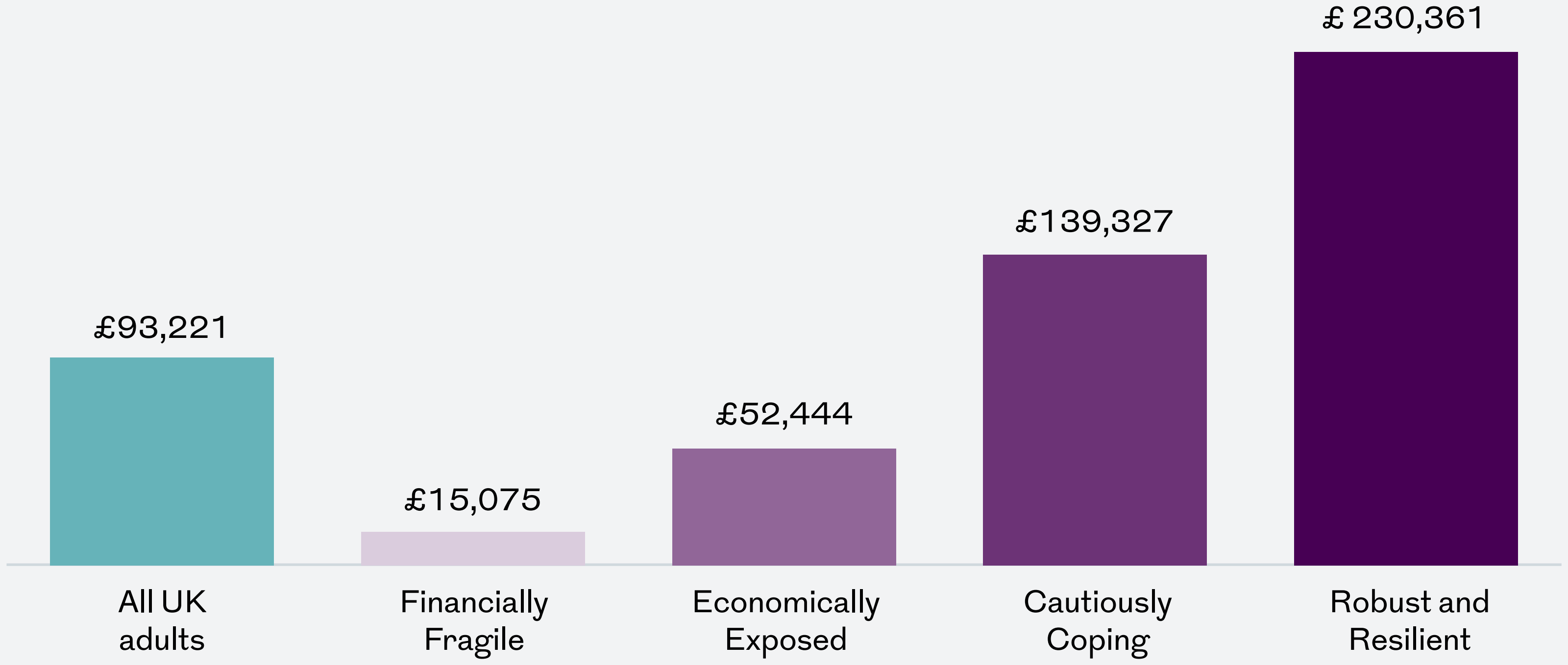
Financial resilience category by age



Housing status by financial resilience category



Average pension pot value by financial resilience category



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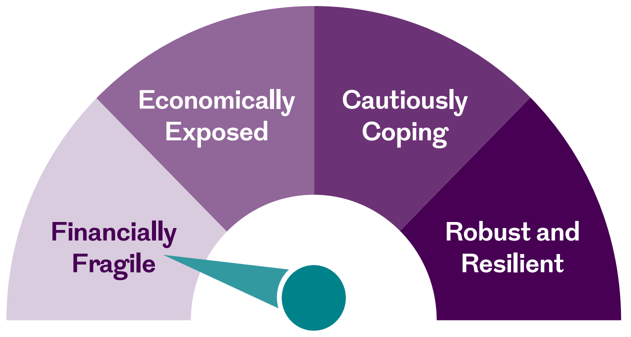
Financially Fragile



The Financially Fragile group has the weakest financial resilience, characterised by low savings, little disposable income and limited capacity to cope with life shocks or rising costs.

Financially Fragile adults are more likely to:

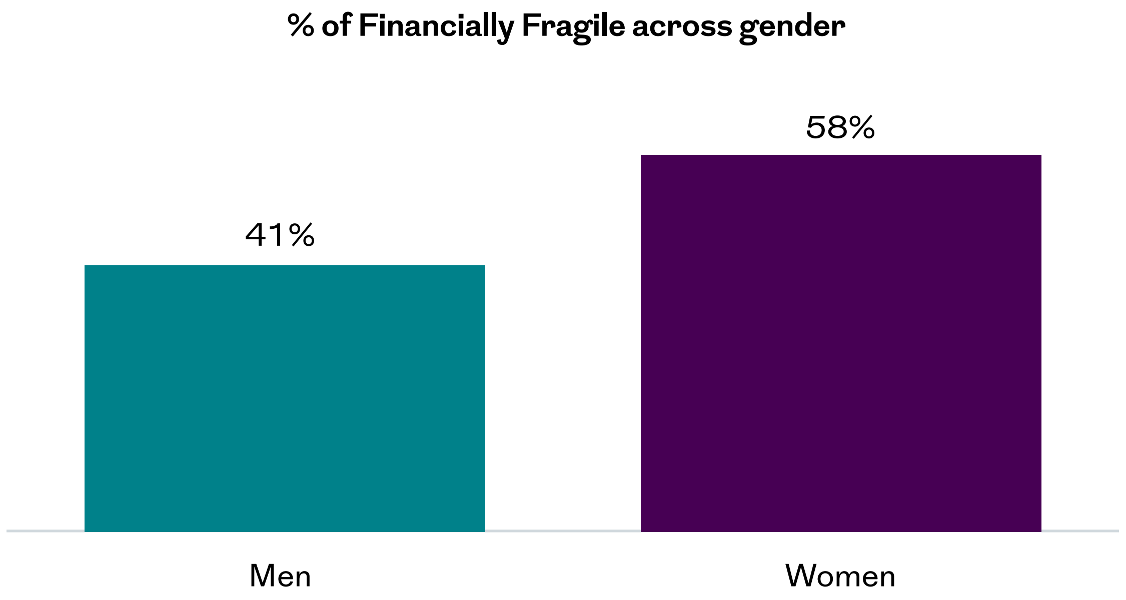
- be aged under 60
- be female
- have experienced a recent life shock such as bereavement or job loss, leading to financial pressures.

Worryingly, 30% of our sample, equating to 16.5 million people in the UK, fall into this category and experience the weakest financial footing across almost every measure of resilience.

Gender gap in financial fragility

Of those who are Financially Fragile, almost six in ten (58%) are women while four in ten (41%) are men. This mirrors our previous research in 2025[1], in which we found that women have less cash and pension savings and are less confident about decisions on saving for retirement.

Women are more likely than men to be Financially Fragile



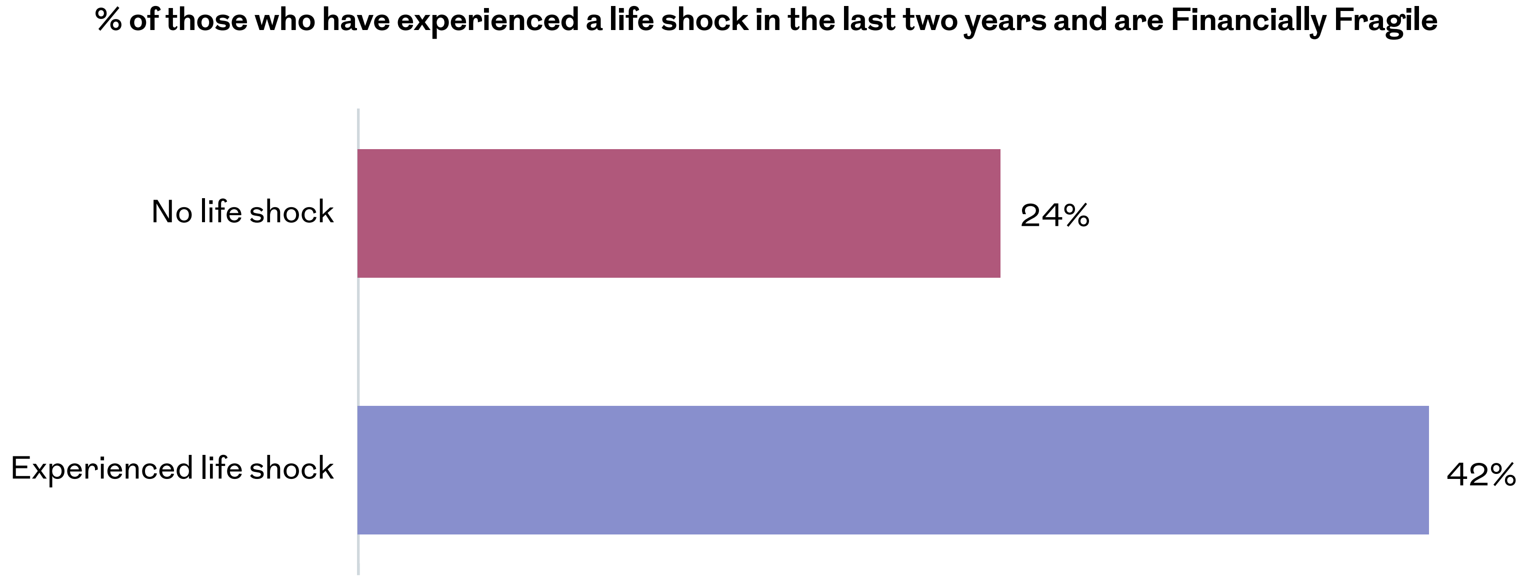
1. Financial Resilience Report 2025 - Royal London

Fragility is strongly linked to life events

We found that experiencing a life shock, such as job loss, bereavement or divorce, significantly increases people's financial vulnerability, with lasting financial consequences beyond the initial event.

Four in ten adults (42%) who have experienced this type of life event in the last two years are Financially Fragile, compared to just under a quarter (24%) of those who have not.

Life shocks can lead to greater financial fragility



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Employment does not guarantee resilience

As expected, those who are unemployed are more likely to be Financially Fragile, reflecting a greater reliance on state benefits.

However, this financial vulnerability extends beyond unemployment.

- Almost half (**48%**) of people looking after the home or family have low financial resilience.
- More worryingly, **35%** of employees fall into the Financially Fragile category.
- By comparison, **25%** of self-employed people are in this group, despite employees across the whole sample reporting higher average annual earnings (**£40,733** for employees versus **£29,148** for the self-employed).

Working-age people generally have a higher income than those who are retired (except those who work part-time). Surprisingly, though, they are more likely to be Financially Fragile than those who no longer work.

The impact of income

Income plays an important role in people's financial resilience, but a healthy income alone isn't enough to determine whether someone is financially secure. For example, 12% of those with a household income of £150,000 - £199,999 fall into the Financially Fragile category, compared to over one in four (27%) of those with a household income of £40,000 - £49,999.

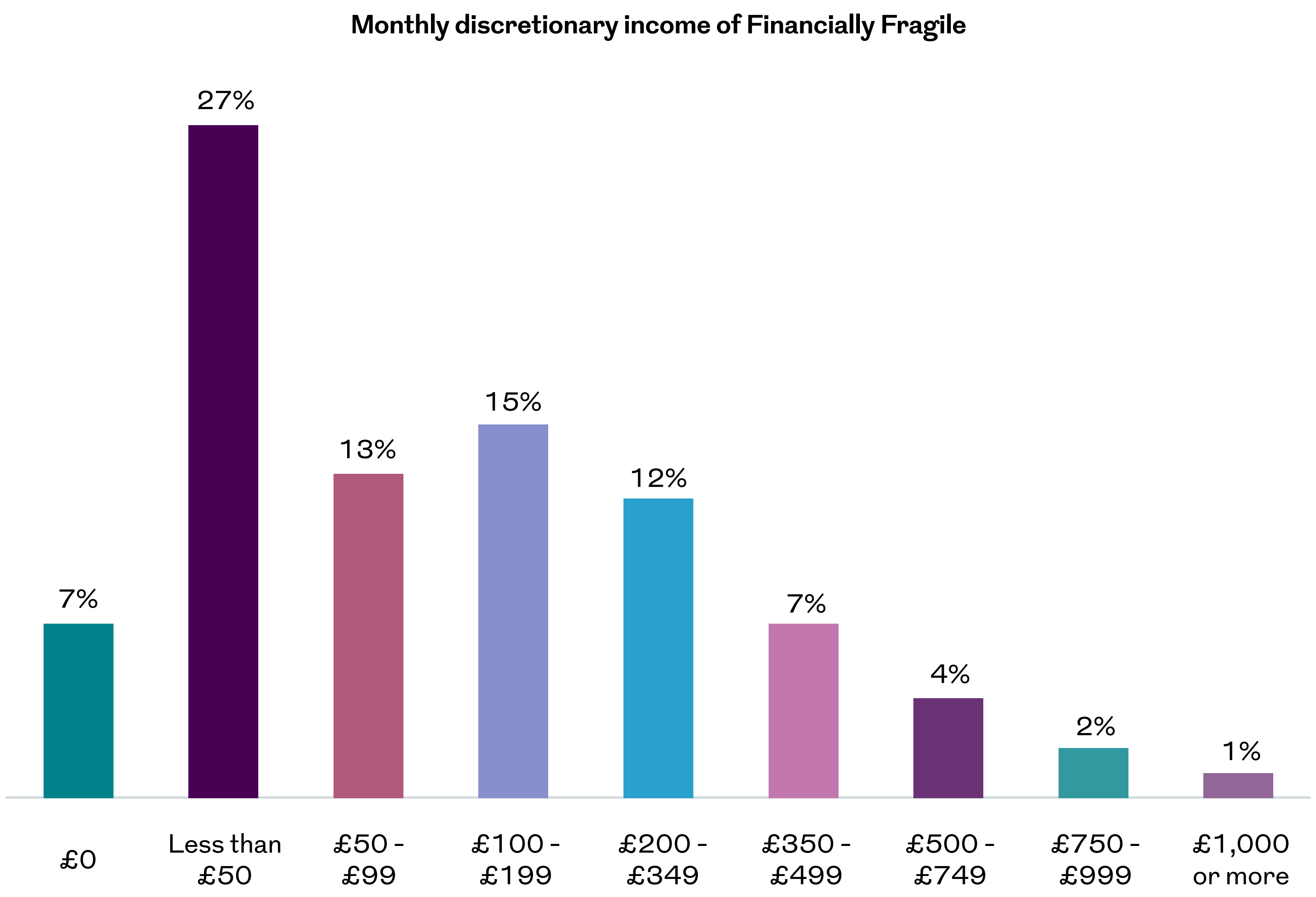
As expected, people in the Financially Fragile group typically also have very limited discretionary income, defined as income left over after they have paid household bills and food costs, but before any other spending.

Average monthly discretionary income

- **£77** for Financially Fragile adults
- **£436** across the sample overall
- **£1,061** among those who are Robust and Resilient

Even adults with a healthy level of money left over at the end of the month can be financially vulnerable. Our data shows that one in 50 (2%) of those who have at least £1,000 left over at the end of the month fall into the Financially Fragile category.

The Financially Fragile have limited discretionary income



Compromised cash savings

Financially Fragile adults typically have low cash savings, with an average buffer of just £1,136, compared to £19,984 for UK adults as a whole.

Financial pressure is strongly associated with low savings. Across our whole sample, almost two thirds (62%) of those with no discretionary income have less than £100 saved. That proportion rises to 80% of people who say they cannot currently cover their bills and costs, but just 4% of those who say they are confident they can cope financially.

Some adults with low savings today may have already used up their cash buffers. More than four in ten people (43%) who used some or all of their emergency savings to cover the cost of living in the last 12 months are now Financially Fragile.

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Financial resilience and wellbeing

A lack of financial resilience doesn't just affect the choices that someone has but can also affect levels of anxiety. Many people in the Financially Fragile category report low levels of financial confidence and security.

41%

do not feel in control of their finances

48%

are unhappy with their current standard of living

57%

are not confident they could cope financially with a close family bereavement

This is the second year that we have tracked how long people can pay their living costs and bills if they or their partner cannot work due to illness.

- Overall, **19%** of all UK adults say they could cover bills and living costs for one month or less. This figure is the same as last year and highlights the limited financial buffers of many households.
- Those in this situation have an average financial resilience score of just **10%** compared to the survey average of **33%**.

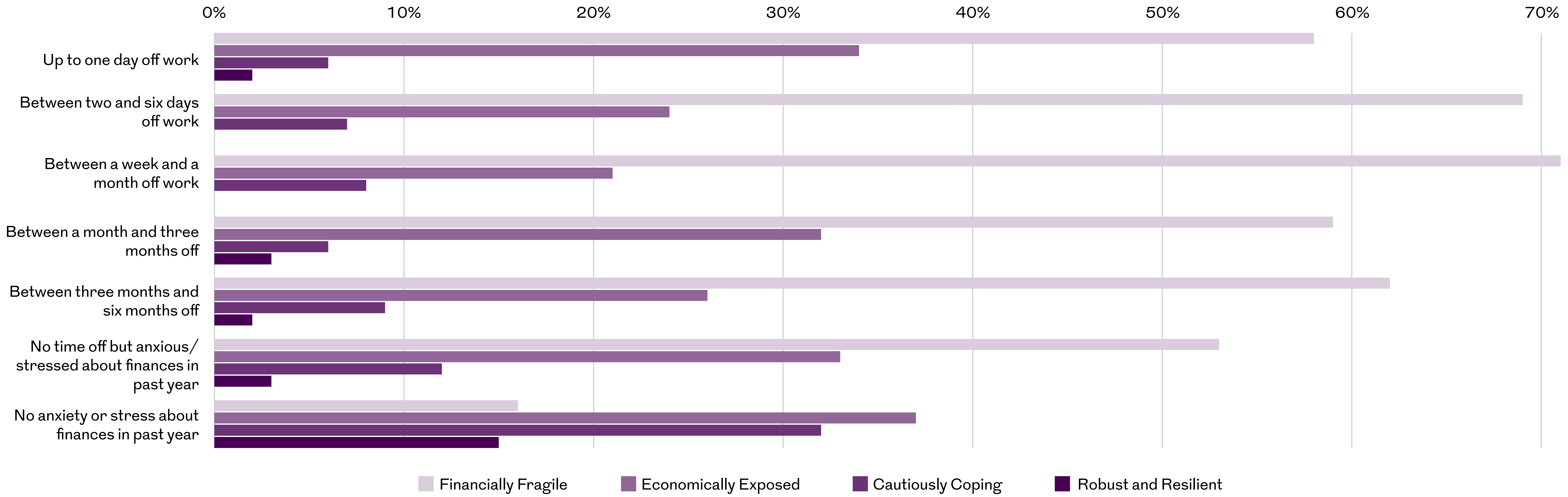
The financial cost of stress

Financial stress can also affect people's ability to work. Overall, relatively few people (6%) across our whole sample report taking time off work due to anxiety or stress about their finances in the last 12 months.

However, among those who have taken time off, their financial resilience score was 17%, placing them within the Financially Fragile category.

Financial stress can affect people's ability to work

Time off work due to financial stress by financial resilience category



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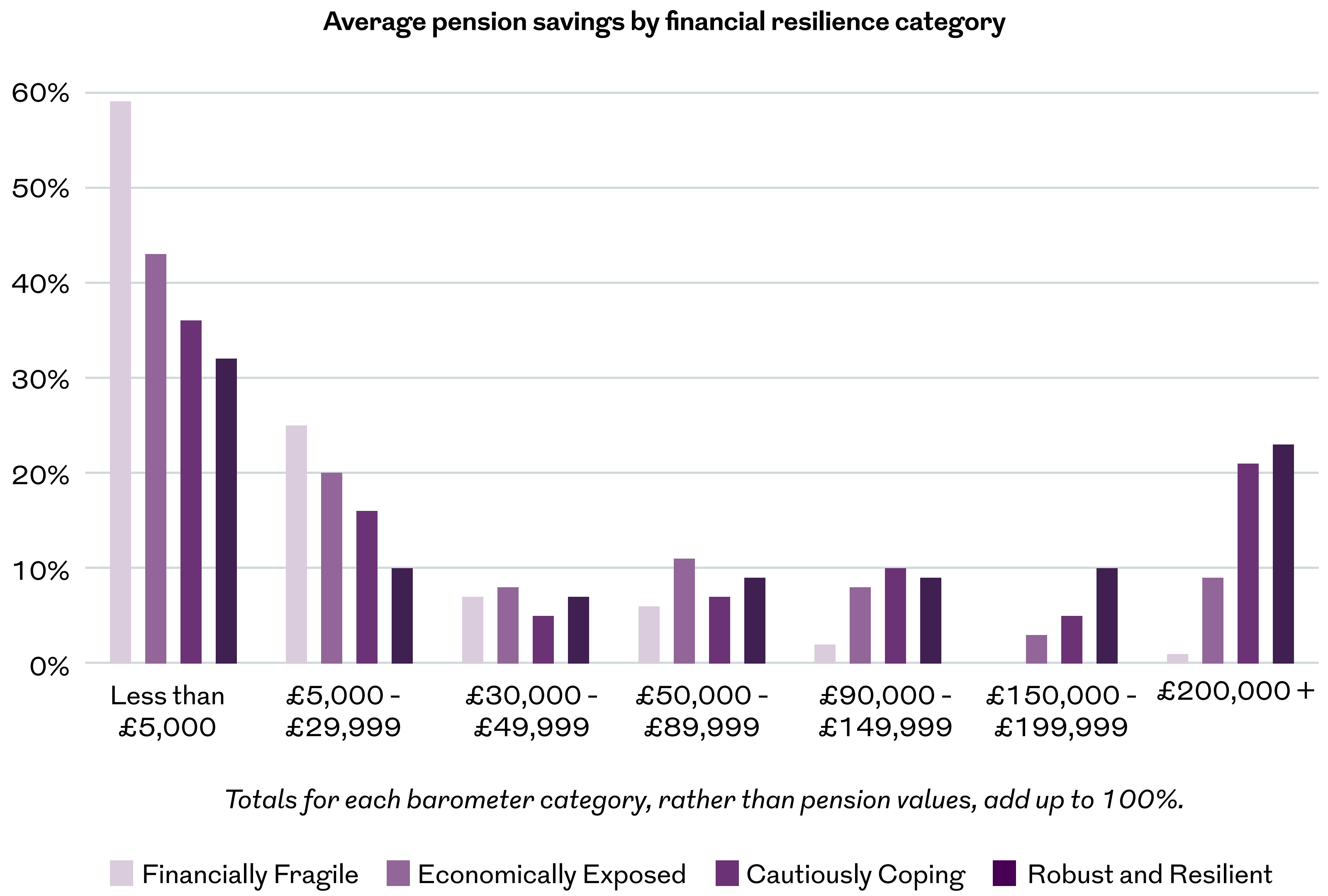
Limited pension provision

People who are Financially Fragile have less resilience when it comes to both their long-term and short-term savings, and are significantly less prepared for retirement.

The average value of this group's defined contribution pension pot(s) is £15,075 compared to £93,221 for the whole sample. Our pension average figures are based on the mean, rather than the median which, for example, the Office for National Statistics (ONS) uses, and which would generate a lower figure. We also base our pension averages on self-reported values of defined contribution pensions.

We found that, while 72% of our sample don't know how much is in their defined contribution pension(s), those with a higher level of income are more likely to know the value of theirs. For example, only 33% of those earning £150,000 a year or more don't know the value of their pension pots.

Low pension savings add to financial fragility



Not surprisingly, confidence in retirement savings is also low for the Financially Fragile group.

- **67%** are not confident that they are saving enough into their pension(s) for a good standard of retirement, versus **35%** of the whole sample.

Long-term financial planning and preparation for life after work are limited within this group, reflected in:

- minimal pension contributions
- small pension pots
- low confidence that their retirement savings are enough.

Rising costs are also affecting long-term savings. Over half (56%) of those who are Financially Fragile say the higher cost of living has negatively impacted their retirement savings and long-term plans.

Summary

People who are Financially Fragile are more likely to:

- rely on borrowing, informal support or state benefits to manage rising costs
- be paying housing costs well into retirement
- have a longer recovery period from cost of living pressures.

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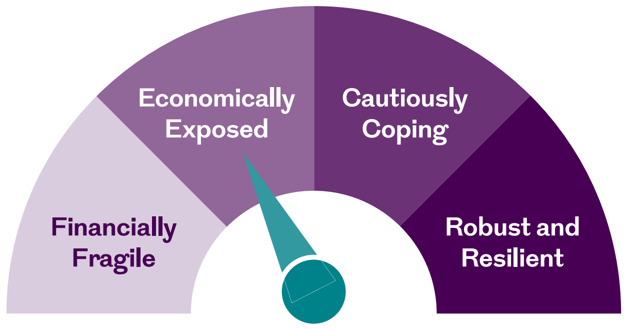
Economically Exposed



Economically Exposed adults have some financial buffer but remain vulnerable to shocks and rising costs.

This category accounts for the largest share of our sample, at 35% of UK adults. It is more likely to include people under the age of 60, and employees rather than retirees.

Income insights

While the financial position of this category is stronger than that of the Financially Fragile, many are still under pressure from rising living costs and have limited capacity to absorb further increases.

For the Economically Exposed, average discretionary income is:

- **£418** per month versus the sample average of **£436**.

Their average cash savings are:

- **£13,208**, which is more than £6,000 below the average of **£19,984** for all UK adults.

While this suggests some financial cushion, it is unlikely to be enough to provide long-term security. Many people in the Economically Exposed group may have already drawn on savings or emergency funds to cover day-to-day costs, gradually weakening their resilience over time.

Although there is evidence of some engagement with pensions and other financial products, this group's confidence in their long-term financial security remains low, and they risk slipping into financial difficulty if costs rise further or income falls.

Working but still Economically Exposed

As previous waves of our research have shown, employment alone, and specifically full-time work, is no guarantee of financial resilience. Most people under the age of 60 are likely to fall into either the Financially Fragile or Economically Exposed categories.

As was the case for the Financially Fragile group, a higher proportion of employees than self-employed people (40% versus 33%) fall into this category. This trend reverses in the most resilient categories, where the percentage of self-employed people exceeds that of employees.

Our data shows self-employed people have more saved in defined contribution pensions than those who are employed (£122,046 versus £78,523). However, this finding should be treated with some caution. The sample includes only 287 self-employed people, compared to over 2,000 employees. In addition, 60% of those who are self-employed don't know how much is in their pension pots.

> **"Employment, and specifically full-time work, is no guarantee of financial resilience.**

Our self-employed sample is also older than our sample of employees, with an average age of 52 compared to 44. This gives them longer to build up their pension savings.

Even so, one-fifth (20%) of the self-employed have less than £5,000 in defined contribution pensions, compared to 7% of employees. However, they hold more in cash savings (£25,888 compared with £16,227) and report higher levels of perceived financial resilience. For example, 29% say they feel comfortable about their financial situation, compared to 23% of employees.

The average pension pot size from our relatively small sample masks a significant disparity between low and higher earners in self-employment. It also reflects more detailed analysis carried out by the Department for Work and Pensions (DWP) of the 'Family Resources Survey: financial year 2023 to 2024', quoted in the Pensions Commission Interim Report[1].

1. The Second Pensions Commission - Pensions 2050: Evidence and Future Priorities - Interim Report

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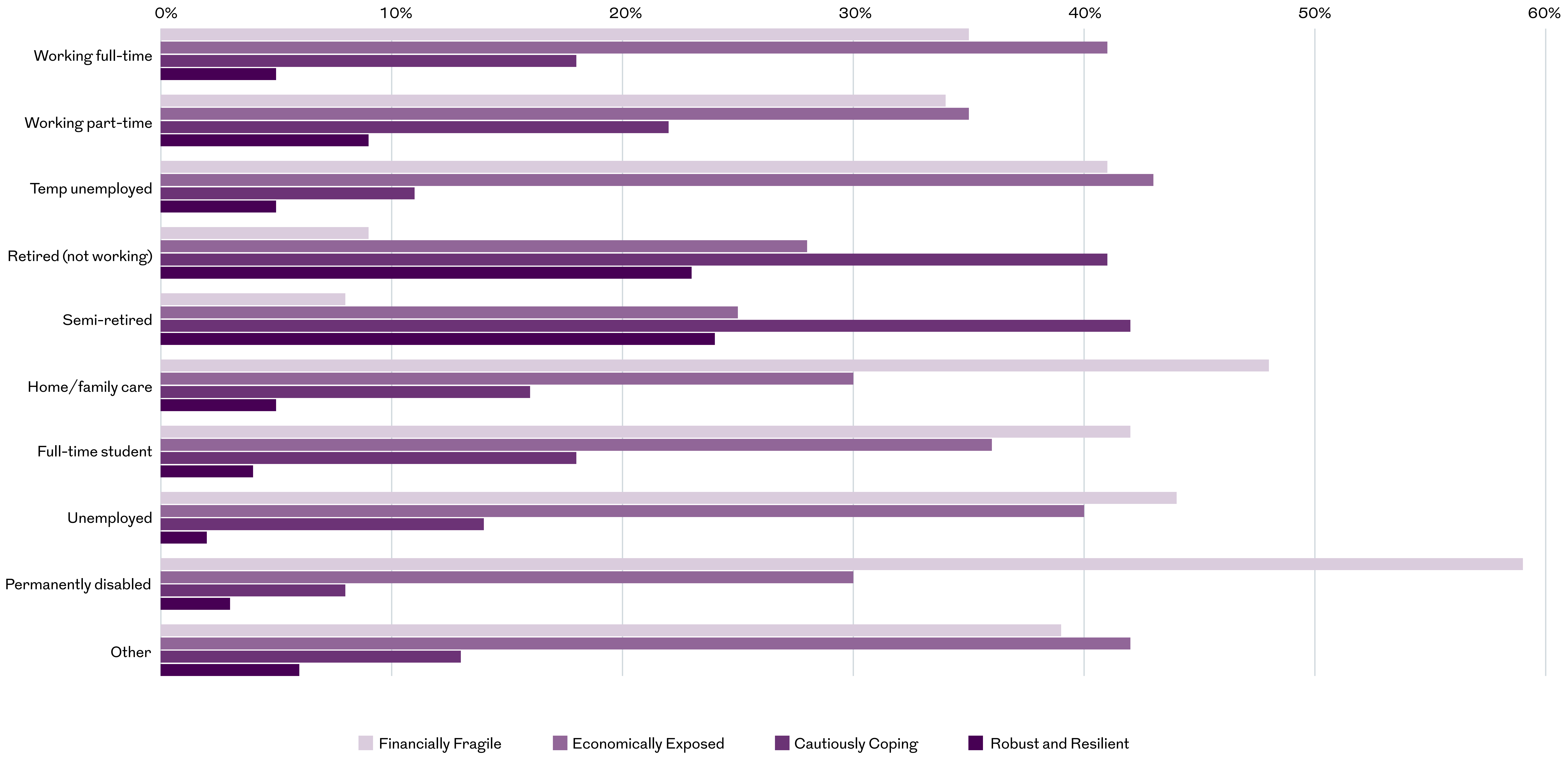
Working hours

While being in employment doesn't guarantee financial resilience, the link between hours worked and levels of financial resilience is not straightforward.

Over four in ten (41%) full-time workers are Economically Exposed, compared to over a third (35%) who are Financially Fragile. This contrasts with fewer than one in ten (9%) people who are retired and not working (as opposed to working part-time) being Financially Fragile, and just under three in ten (28%) who are Economically Exposed.

Working full-time does not guarantee resilience

Working status by financial resilience category



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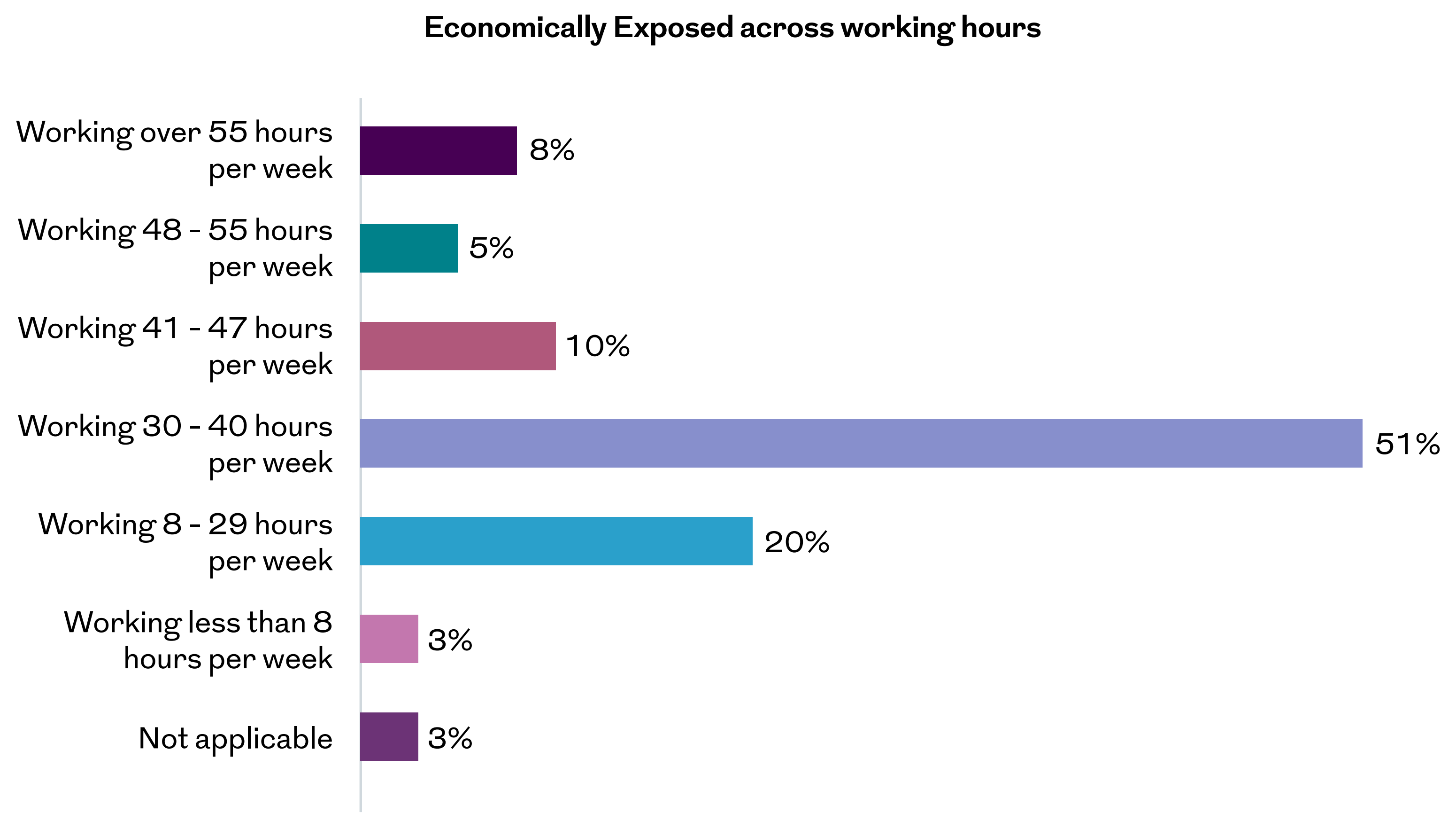
Many people working long hours are Economically Exposed



> **Full-time workers, including those working particularly long hours, can find themselves Economically Exposed.**

Relationship status

As you might expect, whether someone is single, in a relationship, married or divorced has an impact on which category they fall into, although the picture is fairly complex. For example, single people tend to be younger, which also affects their financial resilience. Those who have children aged below 18 have a lower financial resilience score (22%) than those who have children aged 18 and over (31%).

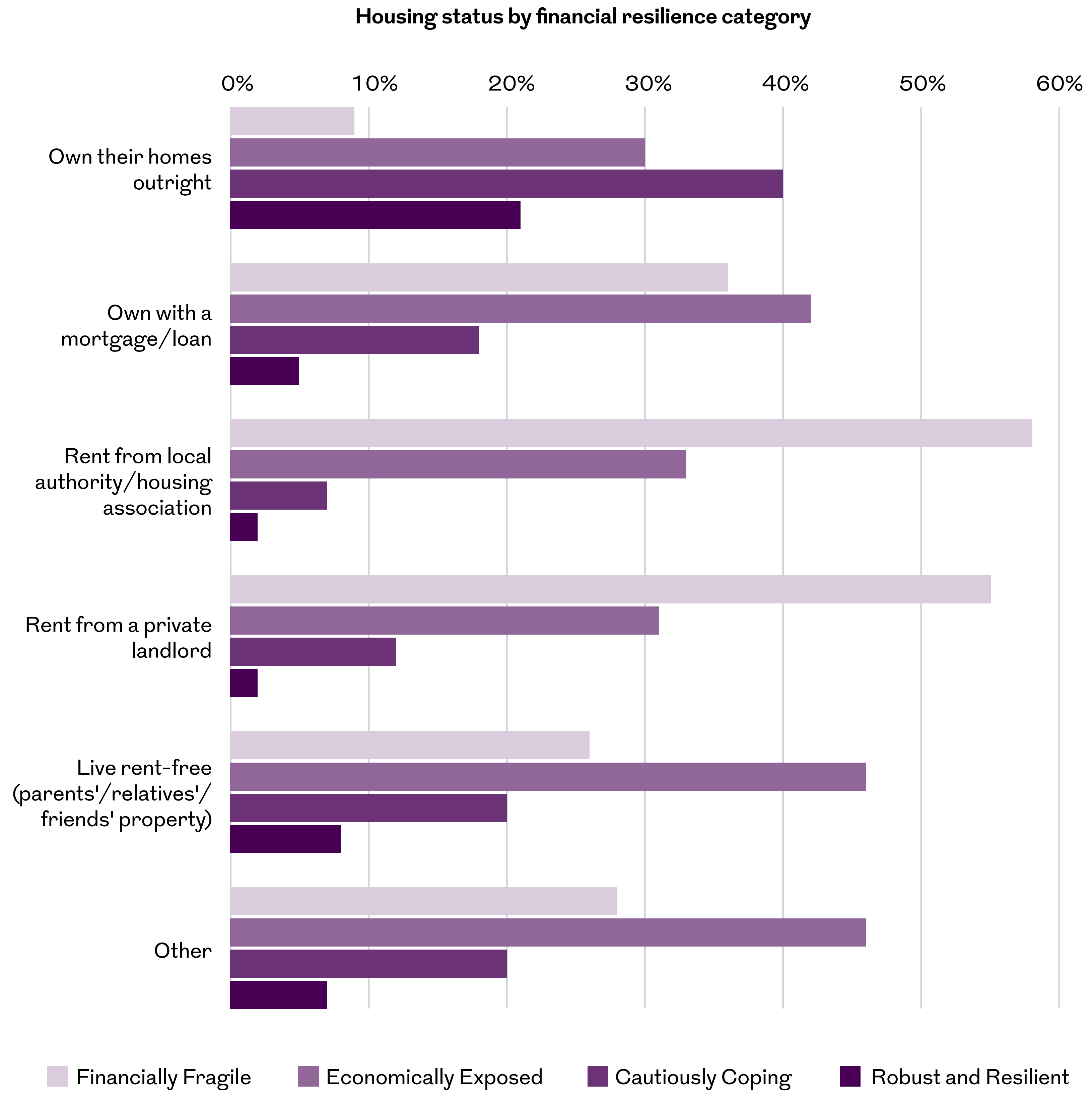
Of the Economically Exposed group:

- **1%** are separated but still legally married/in a civil partnership
- **5%** are in a relationship but not living together
- **23%** are single
- **14%** are living with a partner but not married or in a civil partnership
- **45%** are married or in a civil partnership.

Housing status

As previously reported, home ownership status continues to have a significant influence on people's levels of cash savings, discretionary income, and whether they are financially secure, rather than just managing to pay bills. However, the picture is more complex and nuanced than might be expected.

Housing status can reflect resilience, but it's a complex picture



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Solo adult households

As we found in last year's report[1], people living alone appear significantly more financially vulnerable than married couples, civil partners or those who live with another adult.

Around **23%** of our sample live alone. However, they account for:

- **32%** of the Financially Fragile category
- **34%** of the Economically Exposed group.

People living alone, or as the only adult in the household, are often older, perhaps following the death of a partner or a divorce. They have therefore had more time to build housing wealth and pension savings than their younger peers. Yet solo households have lower cash savings compared to the wider sample.

Savings type	Living alone	Sample average	Married/civil partnership
Pension savings	£101,042	£93,221	£120,099
Cash savings	£18,474	£19,984	£24,862

The income effect

Lower-income households are most likely to be Financially Fragile, but financial vulnerability is visible even among higher earners.

Looking at households with an income of **£20,000 or less**:

- **27%** are Economically Exposed
- **49%** are Financially Fragile.

For household income of between **£40,000** and **£49,999** that figure falls to:

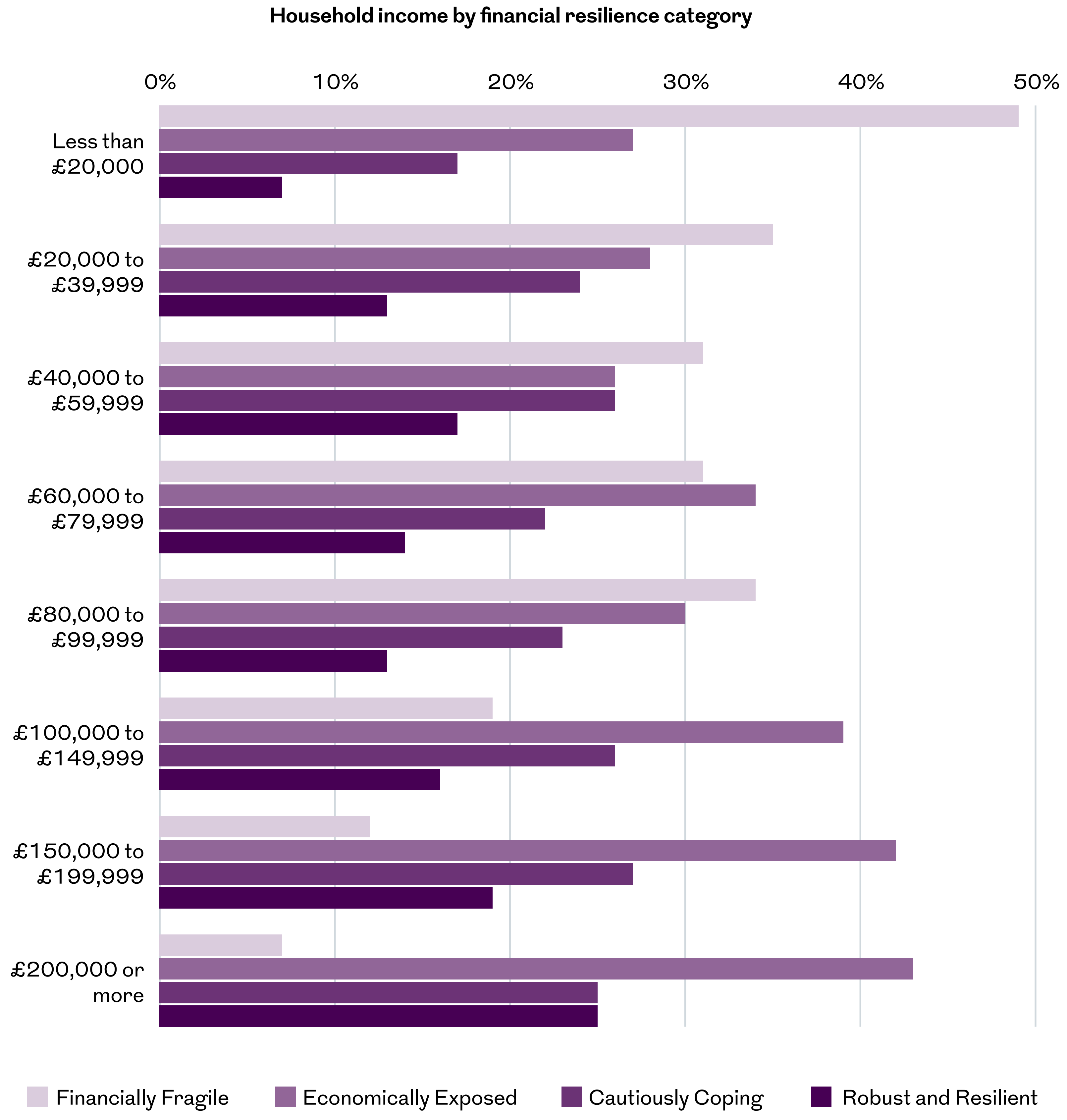
- **25%** for Economically Exposed
- **27%** for Financially Fragile.

Only when annual household income rises to between £60,000 and £69,999 is the percentage in the Economically Exposed category higher than in the Financially Fragile category (33% versus 30%).

1. Financial Resilience Report 2025 - Royal London

"Even among high earners, bringing in a household income of £150,000 to £199,999, 42% are Economically Exposed.

Economic pressures exist across all income bands



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Cash savings cushion

Overall, our research found that almost one in five adults (19%) has less than £100 in cash savings; a statistic that has barely shifted since we started measuring this in 2023.

Approximately one in 12 (8%) of the Economically Exposed have less than £100 in cash savings. However, 35% of people in the Economically Exposed group are not happy with the amount of cash savings they have.

Interestingly, people in the Economically Exposed and Financially Fragile categories are the most likely of all the groups to say they don't save because they forget to put money aside and end up spending it. Over four in ten (44%) of those who gave this answer are Economically Exposed compared to 38% who are Financially Fragile, 13% who are Cautiously Coping and 5% who are Robust and Resilient.

Mitigating the cost of living crisis

Since we began our cost of living research in 2022, most people have responded to rising living costs by cutting back on everyday spending, including turning down the heating, buying cheaper food and spending less on eating out and socialising.

This year, people in the Economically Exposed category are taking many of these same steps, but some have taken even more significant action.

- **1%** have moved house or started sharing to reduce their rent costs
- **11%** have stopped paying into their savings account
- **16%** have reduced how much they're saving
- **2%** have used retirement savings to cover increased costs
- **1%** have dipped into savings for their children's education.

While almost half (46%) of the Economically Exposed group say they can pay their bills – describing themselves as 'ok for now but fearing for the future' – one in five (20%) are feeling the pinch, struggling to pay their bills or unable to pay them. With energy, food, fuel and other costs continuing to rise, that figure could increase further in the next 12 months.

Worryingly, even after several years of rising living costs, a quarter of this group (25%) also say they don't have a plan to cover higher costs in 2026.

Pension planning

Pension contributions provide only a snapshot in time of how much someone is paying into their retirement pots, as contribution rates may have varied over the years. However, there is a strong correlation between lower pension contribution levels and reduced levels of financial resilience.

People in the Economically Exposed category contribute an average of 7% of their salary into their pension, compared to 5% among the Financially Fragile. While this is more than the 5% of earnings that many people contribute as a minimum automatic enrolment level (including tax relief from the government), it may still not be enough to provide the standard of living many expect in retirement.

Average defined contribution pension savings for people in the Economically Exposed category stand at £52,444, far below the UK average of £93,221. This is also much less than the pension amounts held by people in the more financially resilient groups:

- **£139,327** for those who are Cautiously Coping
- **£230,361** for the Robust and Resilient group.

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Retirement reckoning

In our Workplace Pensions Research and Report 2025[1], we examined the pension savings behaviours and attitudes of thousands of employees with workplace pensions.

We have repeated some of those questions in this research, including how well prepared people feel for their retirement.

Our findings show that many people are not actively planning for retirement, and confidence about retirement outcomes remains low, particularly among the Economically Exposed.

In terms of retirement planning:

- **43%** of UK adults have thought about how much they may need to live on in retirement in the past year
- **48%** have not
- **9%** don't know or prefer not to say.

Thinking about how much you might need to live on in retirement isn't a one-off exercise. As recent years have shown, both living costs and people's expectations about retirement can shift over time.

Attitudes towards financial advice

When it comes to planning for retirement, relatively few people have sought professional help in the last year.

- **5%** of UK adults have used a financial adviser to help with retirement calculations in the last year, with **16%** using tools or calculators to help them
- rising to **8%** and **23%** respectively among those aged 50 – 69.

The figures for the UK adult population are mirrored among the Economically Exposed.

- **4%** have used a financial adviser to help with retirement calculations in the last year
- **15%** have used retirement tools or calculators.

This compares with:

- **2%** of the Financially Fragile who have used an adviser in the last year
- **9%** who have used tools or calculators.

A question of confidence

For some people, thinking about how much they need for retirement can be a positive experience. For others, it's a source of anxiety, especially if they believe they will need more money than they have saved or don't know whether their pension will provide the retirement lifestyle they expect.

A third of UK adults (33%) are confident they're saving enough to achieve a good standard of living in retirement, while 35% are not confident, and 11% don't know.

Among the Economically Exposed:

- **22%** are confident
- **31%** are not confident about their retirement plans
- **18%** don't know.

The affordability challenge

One of the barriers to saving more for retirement is a lack of money at the end of the month.

Our data shows that, among the seven in ten (71%) UK adults with discretionary income, the average amount available each month is £436, which is higher than last year.

For the Economically Exposed, average monthly discretionary income is **£418**.

This figure is the amount left over once housing costs, household bills and food have been paid for and doesn't include money for building up savings. With that context, it's easy to see why paying more into long-term savings could be challenging for some people.

Summary

People who are Economically Exposed are more likely to:

- be working but still remain financially vulnerable
- have some savings, but not enough to withstand rising costs or shocks
- reduce savings or draw on longer-term assets, including pensions, to cover day-to-day living costs.

1. Workplace Pensions Report 2025 – Royal London

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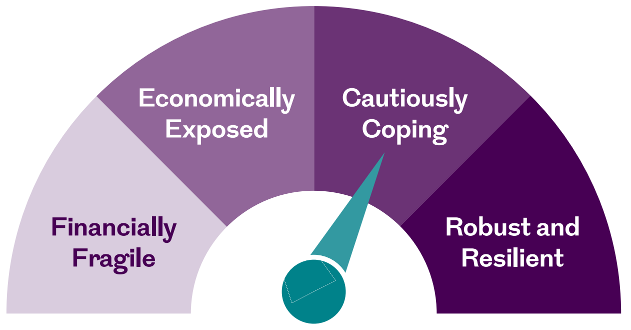
Cautiously Coping



Those in the Cautiously Coping category typically have moderate financial buffers and greater long-term security than the more financially exposed groups but are still not fully insulated from ongoing cost pressures.

People who are Cautiously Coping are managing their finances day-to-day but are not immune to ongoing risks.

This group typically includes:

- older working-age adults, including self-employed people
- people with moderate levels of discretionary income (**£651** a month compared to **£436** for UK adults)
- those with more substantial cash savings averaging **£37,733**.

While they generally feel comfortable meeting current commitments, resilience is not absolute. Many are still adjusting budgets, prioritising saving or investing discretionary income, and remain sensitive to further cost pressures.

Pension engagement and outcomes are stronger than in the more financially exposed groups, with the Cautiously Coping reporting higher contribution rates and larger pension pots. However, confidence about retirement varies.

Those who are Cautiously Coping often report that they do not need to save more in the short term, reflecting comparatively higher savings, although they could become exposed if economic conditions worsen.

Age and gender

The majority of people who are Cautiously Coping are in their 50s and 60s, which can be a time to maximise earnings and savings, or to wind down and prepare for retirement.

- Almost four in ten (**38%**) of the Cautiously Coping group are aged 50–69, and a third (**33%**) are over 70.

There is no gender difference, with this group comprising 49% men and 50% women.

> **Many are still adjusting budgets, prioritising saving or investing discretionary income, and remain sensitive to further cost pressures.**

Relationship status and household composition

People who are married or in a civil partnership have higher levels of cash savings, are more likely to have discretionary income and have higher amounts in their pensions than UK adults as a whole. The largest group in Cautiously Coping by relationship status are those who are married or who have civil partners (56%).

By contrast, lower proportions of the following groups make up the Cautiously Coping category:

- **16%** are single
- **10%** are living with a partner but not married or in a civil partnership
- **6%** are widowed
- **1%** are separated but legally married/in a civil partnership
- **3%** are in a relationship but not living together.

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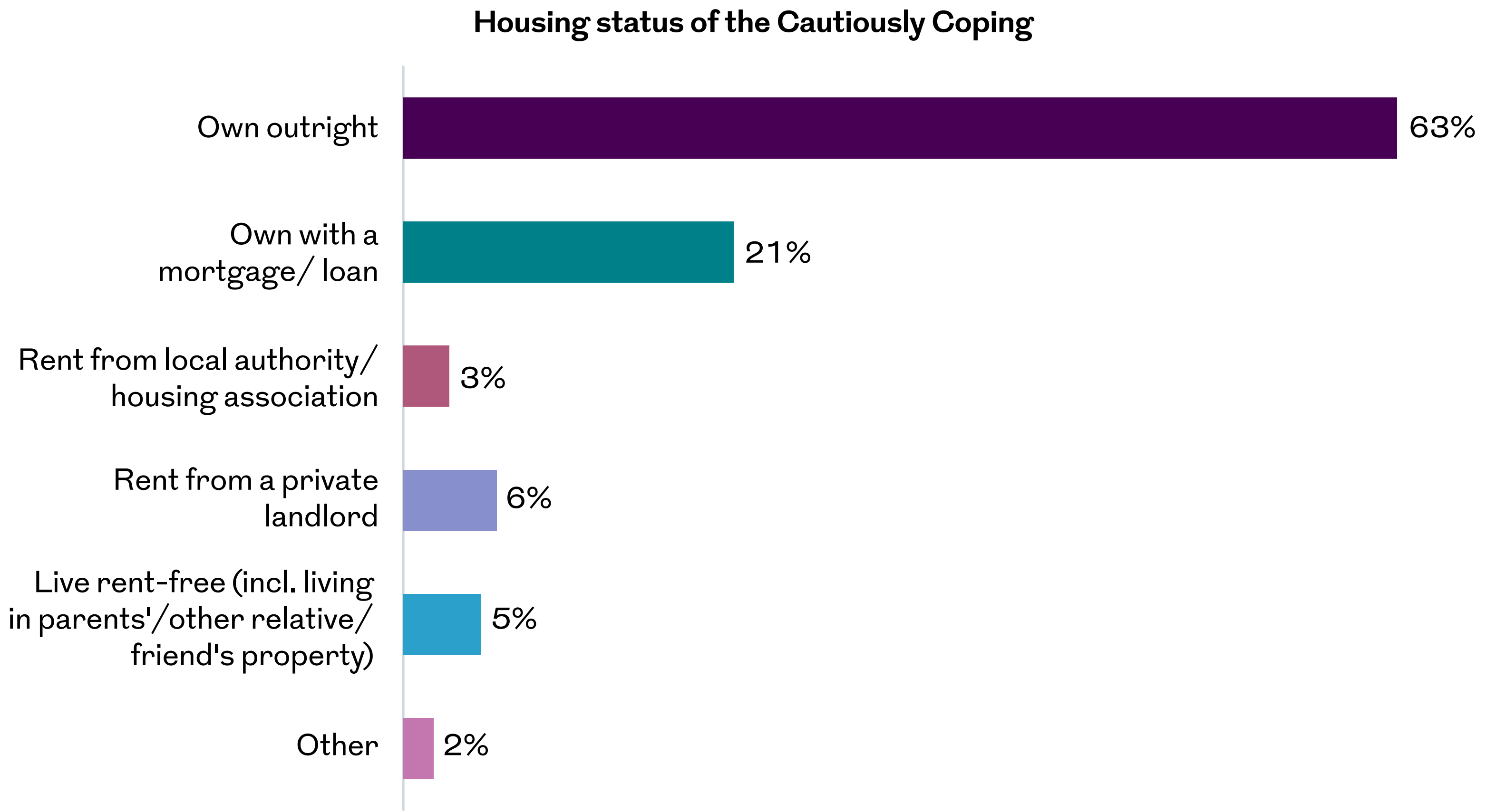
Housing status and assets

Housing status is one of the clearest dividing lines in financial resilience. Almost four in ten UK adults (39%) own their homes outright, but they make up nearly two thirds (63%) of those who are Cautiously Coping.

Of the 13% of people who rent privately, only 12% fall into this category.

Housing security is a key feature of the Cautiously Coping



Our previous research showed that when interest rates rose in 2022, those who owned their homes outright may have benefited from higher savings rates and built up their cash buffers. Conversely, those with housing costs, particularly larger mortgages, were more negatively affected by the higher rates.

Pension preparedness

Pension wealth is a key factor in long-term financial resilience. However, even people who appear financially stable during their working lives may struggle to absorb unexpected costs in retirement if their pension income is low.

On average, people in the Cautiously Coping category have:

- **£139,327** in pension savings.

Assuming they use their entire pension fund to buy an annuity that provides a guaranteed income, they could expect an annual income of approximately:

- **£7,959** a year[1].

Combined with the full new State Pension, once they reach State Pension age, currently worth £12,547.60 a year[2] (in the tax year 2026-27), this would generate an income of around:

- **£20,506.60** per year[1].

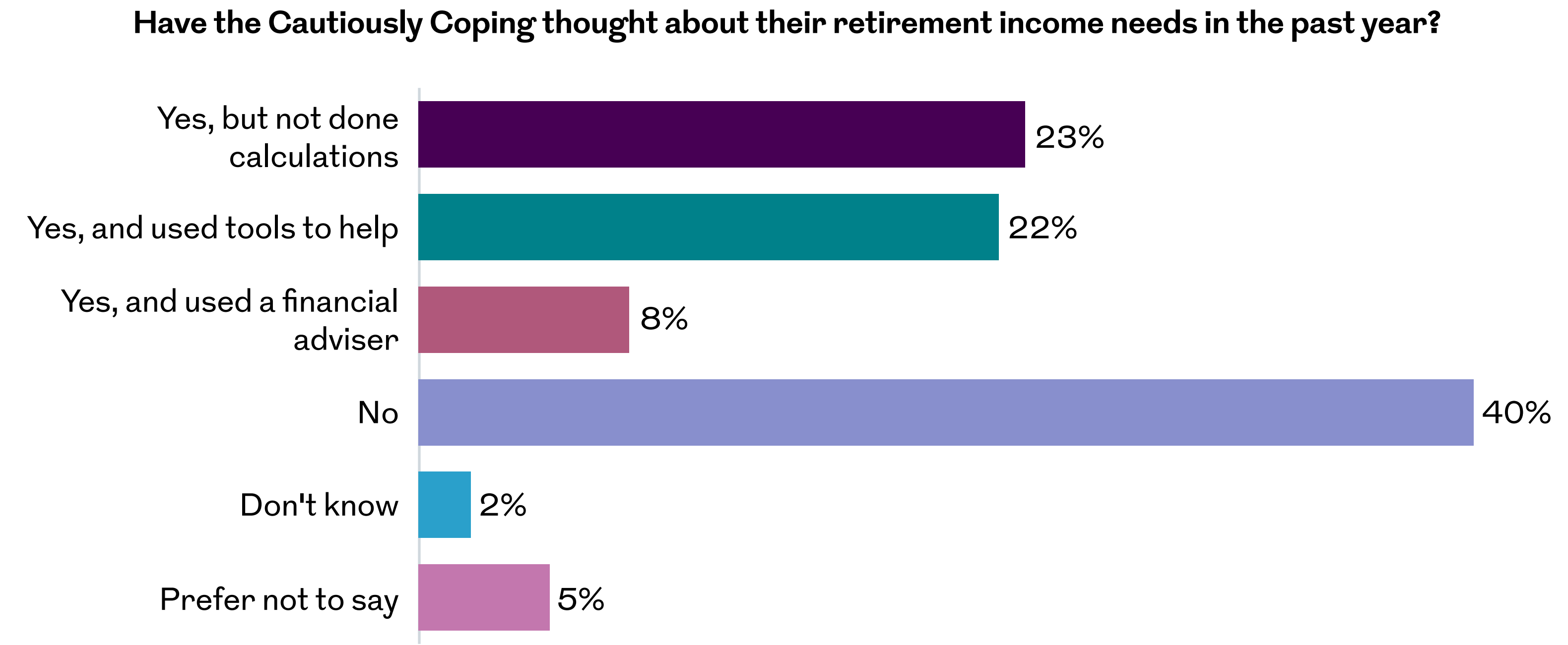
Using Pensions UK's Retirement Living Standards[3], this amount would:

- exceed the *Minimum* standard of living that an annual income of £13,900 could cover for a person living on their own
- but fall short of the £32,700 annual income required for a *Moderate* standard of living for a single person.

These income figures assume no housing costs.

Our data also shows that over one in five (21%) of those who have not worked out how much they would need to live on in retirement in the last year fall into the Cautiously Coping category.

Many Cautiously Coping are thinking about retirement, but few seek professional advice



1. The amounts we have calculated assume that the annuity is being taken out by a male, aged 65, with income paid monthly in advance, on a single-life basis with income guaranteed for five years. They also assume that the individual is a non-smoker who does not have any illnesses or health conditions that could affect the annuity rate. We have assumed that the amount paid will increase by 3% a year.
2. Benefit and pension rates 2026 to 2027 - GOV.UK
3. The Detail - Pensions UK - Retirement Living Standards

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Impact of the cost of living crisis

Our research shows that, despite a more benign economic backdrop in the 12 months to March 2025 than during the height of the cost of living crisis, higher living costs continue to affect millions of people's finances. Understandably, the more financially resilient groups have been less impacted.

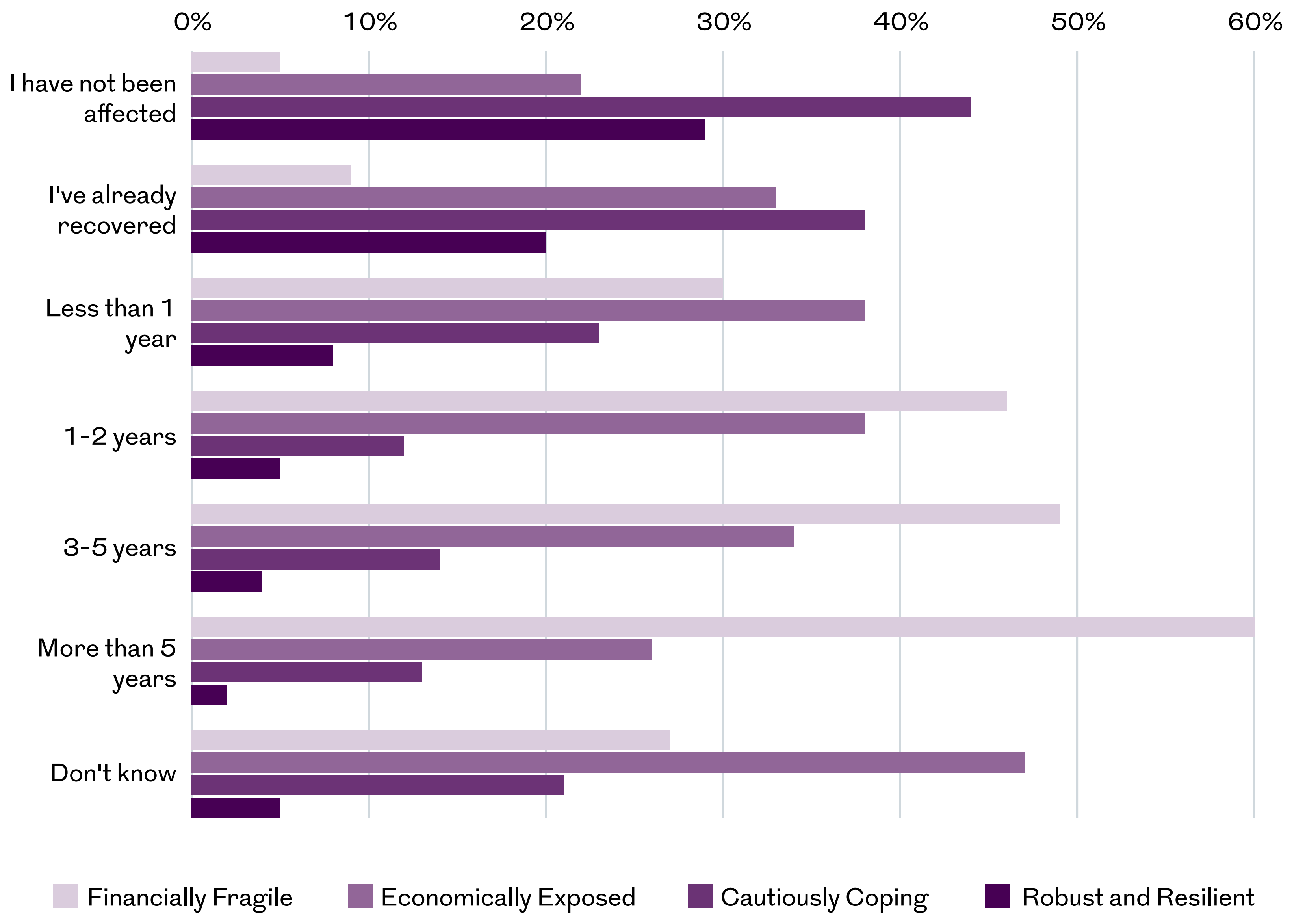
- Almost half of UK adults (**45%**) say the crisis has affected them in the last 12 months
- For the Cautiously Coping category, this falls to fewer than three in ten (**29%**).

The Cautiously Coping are also more likely to say they have not been affected by the cost of living on an ongoing basis.

- **35%** say they have not been impacted
- Almost four in ten (**38%**) say they have already recovered from the effects of the cost of living crisis.

The Cautiously Coping have weathered the crisis relatively well

Expected financial recovery time from the cost of living crisis across financial resilience categories



Coping strategies and future risk

Depending on what happens to living costs in 2026, people will be affected in different ways.

- Almost three in ten UK adults (**28%**) have no plan to cover any rise in costs in 2026, which is the same as the percentage of the Cautiously Coping who say they have no such plan
- **17%** say they do not know how they would cope.

Other people appear to be insulated from higher costs, with 17% saying they do not need to cover higher costs because all their bills are fixed. However, depending on the economic fallout from conflicts in the Middle East, some costs may not be as fixed as people expect.

For those people who do have a plan for how they will cover rising costs:

- **14%** say they would stop or reduce paying into their savings
- **15%** would use short-term savings
- **7%** would use long-term savings such as pensions or investments.

However, very few people say they would:

- stop paying into their pension (**2%**)
- borrow from friends or family (**4%**)
- put more spending on a credit card (**5%**)
- take out a new credit card (**3%**)
- take out a payday loan (**1%**)
- take a bank loan (**1%**).

Reliance on savings

Among those who say they would use long-term savings to cover rising costs:

- **34%** are in the Cautiously Coping category
- **40%** are Economically Exposed
- just **9%** are in the Robust and Resilient group.

For those relying on short-term savings:

- **28%** are Cautiously Coping.

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Protecting cash buffers

Our research suggests that the Cautiously Coping category has prioritised maintaining their cash buffers compared to other groups.

- **22%** of UK adults say they have stopped paying into their savings accounts or reduced the amount they're paying in.

However, relatively few fall into the Cautiously Coping category, where:

- **10%** have reduced savings
- **4%** have stopped saving altogether.

Pension pressure

Only a small proportion (4%) of UK adults say they have stopped paying into their pension, opted out or reduced contributions.

Among the **155** people in our sample who have done so:

- **59%** fall into the Financially Fragile category
- **26%** are Economically Exposed
- **13%** are Cautiously Coping
- **3%** are Robust and Resilient.

Among those using or planning to use savings to cover high costs:

- **21%** of those who took money out of their pension are Cautiously Coping; as are
- **27%** of those using money originally intended for home improvements or supporting family members.

On average, people in the Cautiously Coping category have used **£3,077** of their savings, compared with **£2,353** for UK adults.

Recovery prospects

As our research shows, the effects of the cost of living crisis continue to be felt by many, affecting their ability to save, pay their bills or have any discretionary income for socialising or treats.

- One in four UK adults (**25%**) say it will take them three years or more to recover
- This falls to **13%** among those who are Cautiously Coping.

This underlines that while this group is more resilient than others, it remains exposed to future shocks.

Summary

People who are Cautiously Coping are more likely to:

- have moderate savings and more financial flexibility
- own their homes outright and have more saved in their pension pot(s)
- cope day-to-day, but still face risks if costs rise or income falls.

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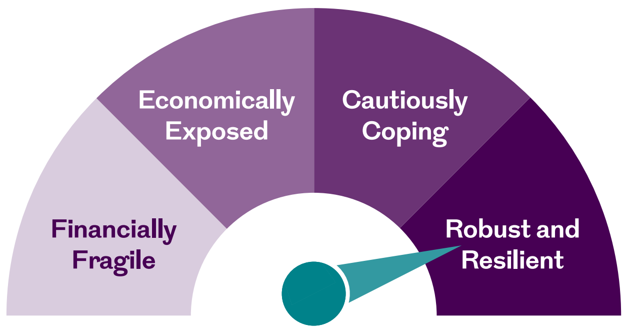
Robust and Resilient



Robust and Resilient adults are the most financially secure, with higher incomes and greater savings and pensions, making them better placed to cope with financial shocks and maintain long-term financial stability.

People in the Robust and Resilient category display the strongest financial resilience across income, savings, retirement preparedness and financial confidence.

They are more likely to be:

- aged 60 or over
- married
- homeowners (often owning their home outright)
- retired or semi-retired.

Their discretionary income is more than double the sample average, and they have an average of £53,311 in cash savings.

Pension outcomes are markedly stronger in this group, as well. They:

- have significantly larger pension pots
- pay more into their pensions
- feel confident they are saving enough for retirement.

This group is also more likely to:

- save or invest surplus income
- have sought financial information or advice relating to retirement plans
- feel in control of their finances.

While many in the Robust and Resilient group still report having spent savings or pension income to manage higher costs, the majority say their long-term retirement plans have not been affected by the cost of living.

Age and gender

Data[1] from the Office for National Statistics for 2018 – 2020 shows that average individual wealth increases with age and peaks in the 60-64 age group. People in this age band have nine times the wealth of those aged 30-39.

Although wealth, whether pensions or other assets, isn't the sole indicator of strong financial resilience, our data shows that people aged 60-69 make up the largest age cohort in the Robust and Resilient category, at 35%. It follows, then, that those who have retired or semi-retired are more likely to be in this category.

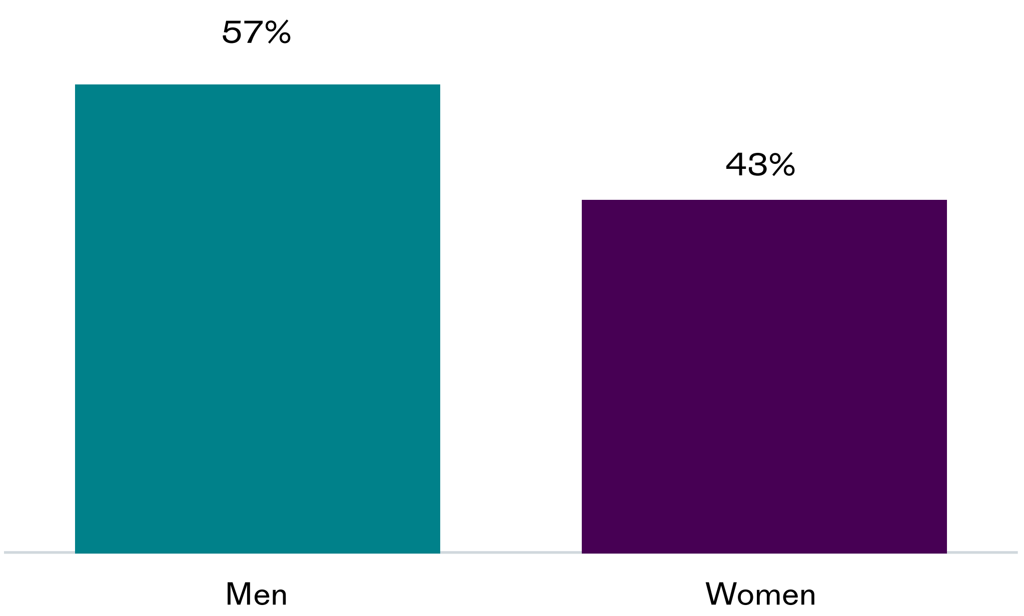
Among the Robust and Resilient group:

- **56%** have retired
- **5%** have semi-retired.

Gender is another factor that can affect financial resilience and there is a wider gap in this most financially resilient category than others.

Men make up more of the Robust and Resilient group

Robust and Resilient group by gender



However, just 9% of women and 13% of men in the UK population are defined as Robust and Resilient.

1. Distribution of individual total wealth by characteristic in Great Britain - Office for National Statistics

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Working status

The gender wealth gap is well documented, and we would expect fewer women than men to have good levels of financial resilience. More surprising is that only 6% of employees make it into the Robust and Resilient category.

The fact that relatively few employees are Robust and Resilient may also raise wider questions about whether employees are as aware as they could or should be about their own financial resilience. Employees may also be underestimating the extent that their own financial security is linked to their employment status. In the current uncertain economic climate, some people's employment may not be as secure as they believe.

Housing status and income

Not surprisingly, those who own their homes outright are more likely to be Robust and Resilient than those who have a mortgage or rent. Over three-quarters (77%) of people in this category own their home outright.

However, owning a home outright does not automatically mean someone is financially resilient. Among the mortgage-free homeowners across our sample as a whole:

- only **21%** are Robust and Resilient
- **40%** are Cautiously Coping
- **30%** are Economically Exposed
- **9%** are Financially Fragile.

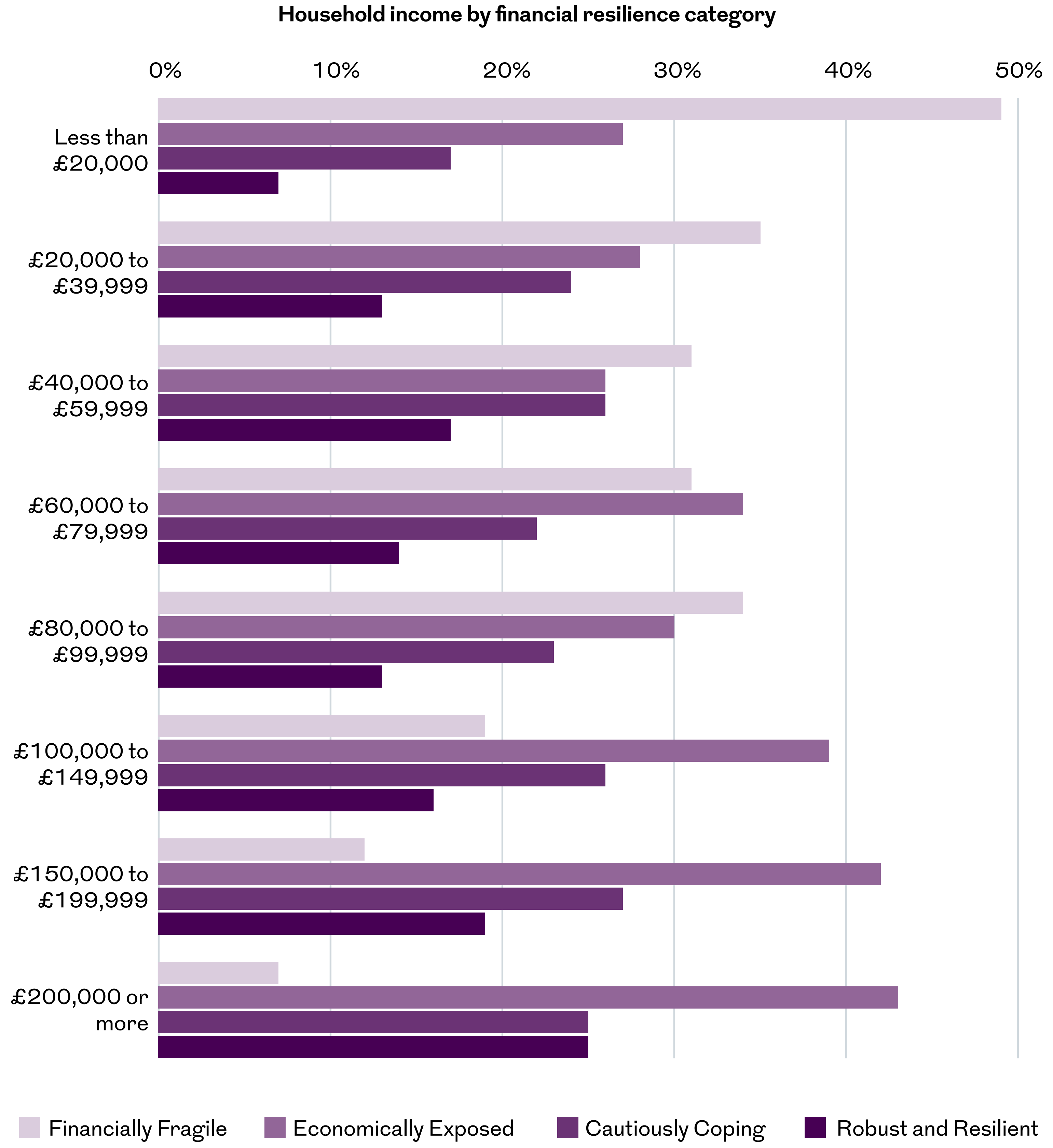
This suggests that housing wealth is an important contributor to resilience, but it is not enough on its own.

While housing wealth is strongly linked to the Robust and Resilient category, the relationship is less straightforward when it comes to household income levels.

It is the case that people with a higher household income are more likely to be Robust and Resilient. However, 7% of people with a household income below £20,000 have sufficient financial resilience to also fall into this category.

Over three times as many people with a household income of £200,000 or more are Robust and Resilient, but this still amounts to only one in four (25%) of this group. A high proportion of households with an income of £200,000 or more (43%) are Economically Exposed.

Only 25% of households with income of £200,000+ are Robust and Resilient



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Pension preparedness

Data from the Department for Work and Pensions (DWP)[1] shows a clear link between the amount people who are automatically enrolled earn and how much they contribute.

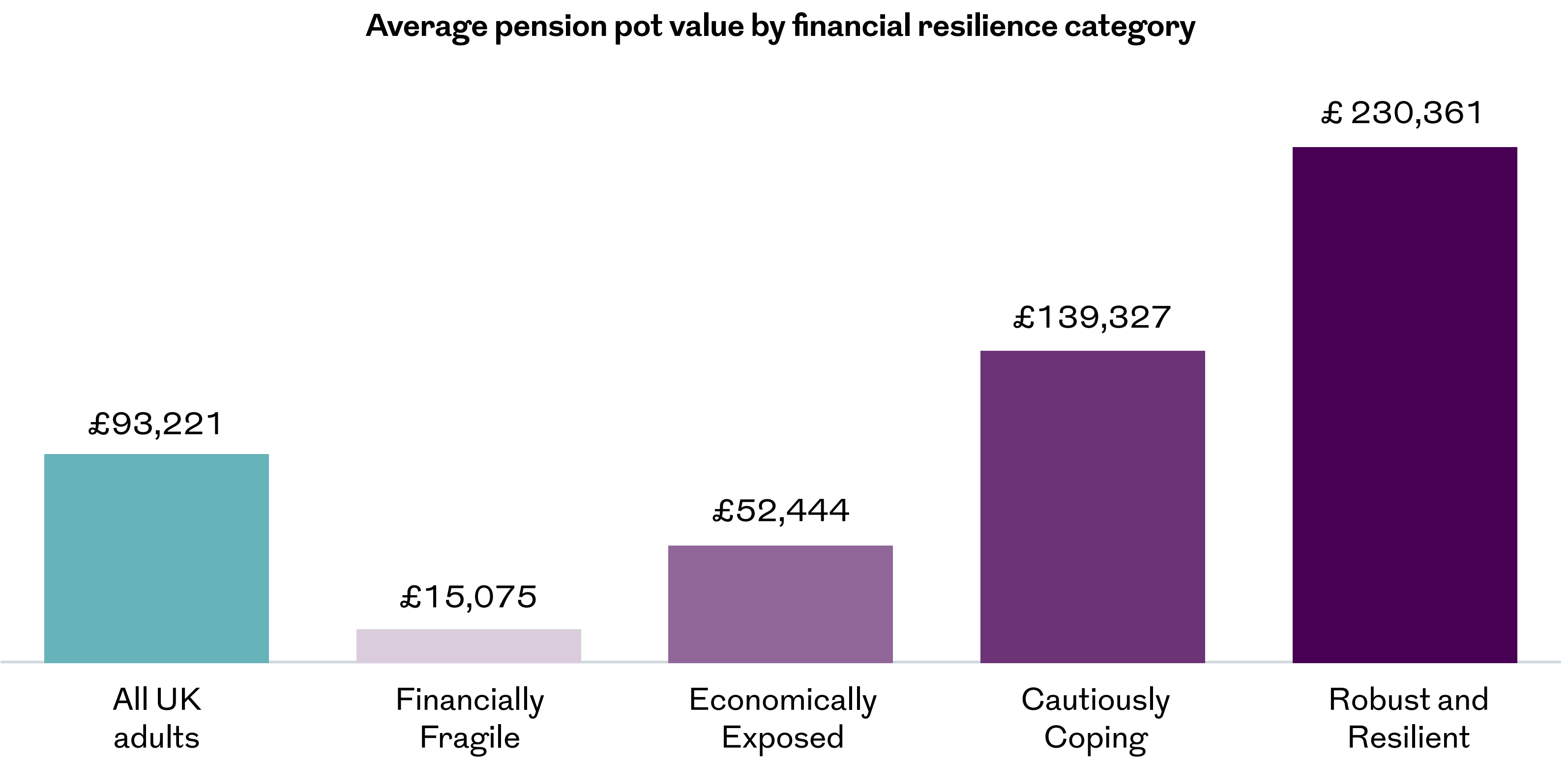
Our research shows that those in the Financially Fragile category contribute less to their pension than those in higher resilience categories.

Average pension contributions made by individuals (i.e. excluding any contribution from employers) are:

- **7.2%** for UK adults
- **5%** for Financially Fragile
- **9%** for Robust and Resilient.

These higher contribution levels translate into higher pension savings.

Robust and Resilient adults have the largest pension pots



But even the most financially resilient group may fall short of the income needed for a comfortable retirement.

- People in the Robust and Resilient group have an average pension pot of over **£230,000**.
- Assuming they use the entire pot to buy an annuity, they could expect around **£13,330** a year[2] in pension income.
- Combined with the full new State Pension, once they reach State Pension age, of **£12,547.60**[3] a year, this would bring their annual income to **£25,877.60**.

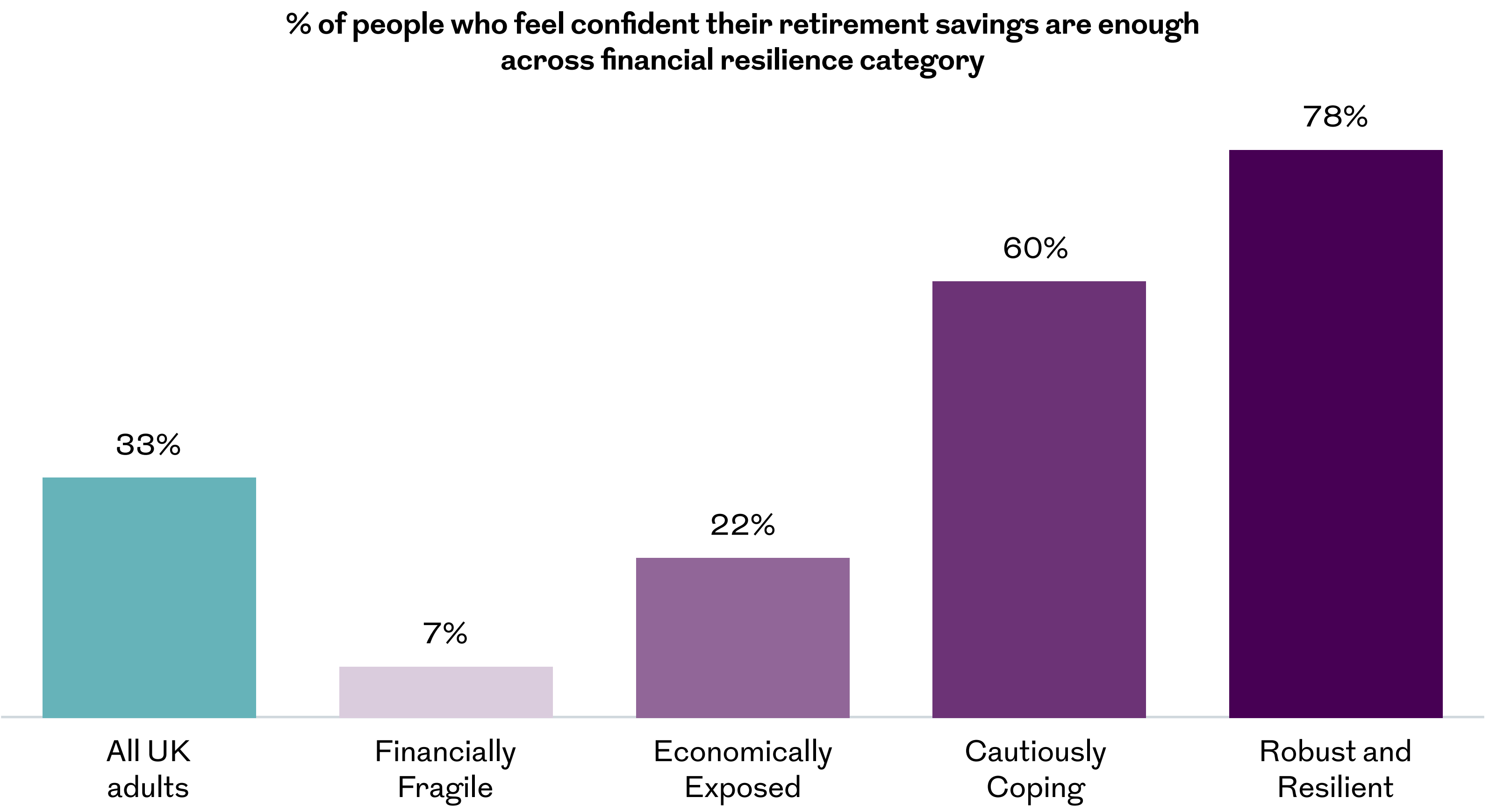
This annual income is below the **£45,400** needed for a *Comfortable* standard of living, as defined by Pensions UK's Retirement Living Standards[4].

Retirement confidence

While much of our Barometer is built around how much someone has, we also ask how confident people feel about their short and long-term finances.

Across the whole sample, only one-third (33%) of UK adults say they feel confident they are saving enough in their pensions for a good standard of living in retirement.

Confidence about retirement savings rises with financial resilience



Overall, 78% of the Robust and Resilient group are confident they are saving enough, and only 5% of this group don't know whether or not they are saving enough, the smallest proportion of any group.

1. Analysis of Automatic Enrolment saving levels - GOV.UK
2. The amounts we have calculated assume that the annuity is being taken out by a male, aged 65, with income paid monthly in advance, on a single-life basis with income guaranteed for five years. They also assume that the individual is a non-smoker who does not have any illnesses or health conditions that could affect the annuity rate. We have assumed that the amount paid will increase by 3% a year.
3. Benefit and pension rates 2026 to 2027 - GOV.UK
4. The Detail - Pensions UK - Retirement Living Standards

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The importance of discretionary income

As well as higher pension savings, the Robust and Resilient group has more than double the discretionary income of UK adults as a whole:

- **£1,061** a month left over once housing costs, bills and food have been paid for versus **£436**.

Discretionary income levels are strongly linked to financial resilience. Our data shows that almost half (46%) of those with £1,000 or more in discretionary income each month are Robust and Resilient compared to 2% who are Financially Fragile.

While there isn't necessarily a causal link between people's discretionary income and their cash savings, it is clearly difficult, if not impossible, for someone to build up their savings if they have little or no money left after paying their bills.

In terms of cash savings:

- Financially Fragile have just **£1,136** on average
- UK adults have **£19,984**
- Robust and Resilient have over twice that at **£53,310**.

This level of savings puts those in the Robust and Resilient group in a strong position to cope with short-term income shocks or unexpected bills, as well as longer periods of reduced or no income.

What's happening to spare money?

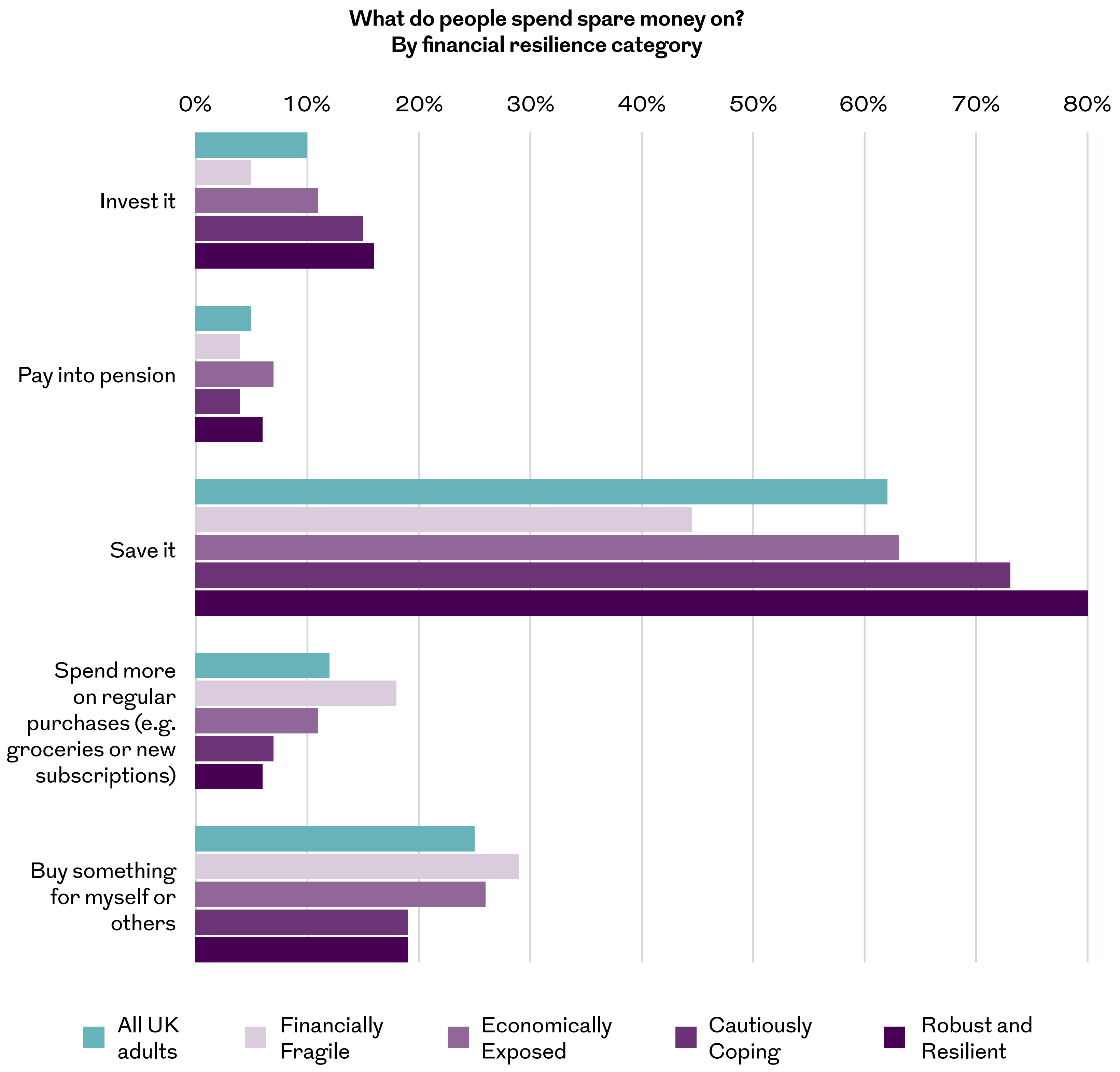
As discretionary income levels increased, we wanted to explore what people with spare cash (after paying housing costs, bills and food) are doing with their money.

Across UK adults:

- **62%** save it
- **25%** use the money to buy something for themselves or someone else
- **12%** spend more on regular costs, such as groceries or subscriptions
- **10%** invest it
- **5%** pay extra into their pension.

For the Robust and Resilient category specifically, a higher percentage save or invest it, and fewer people use spare cash for one-off purchases.

Most people are saving any spare cash after bills are paid



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Impact of cost of living on retirement

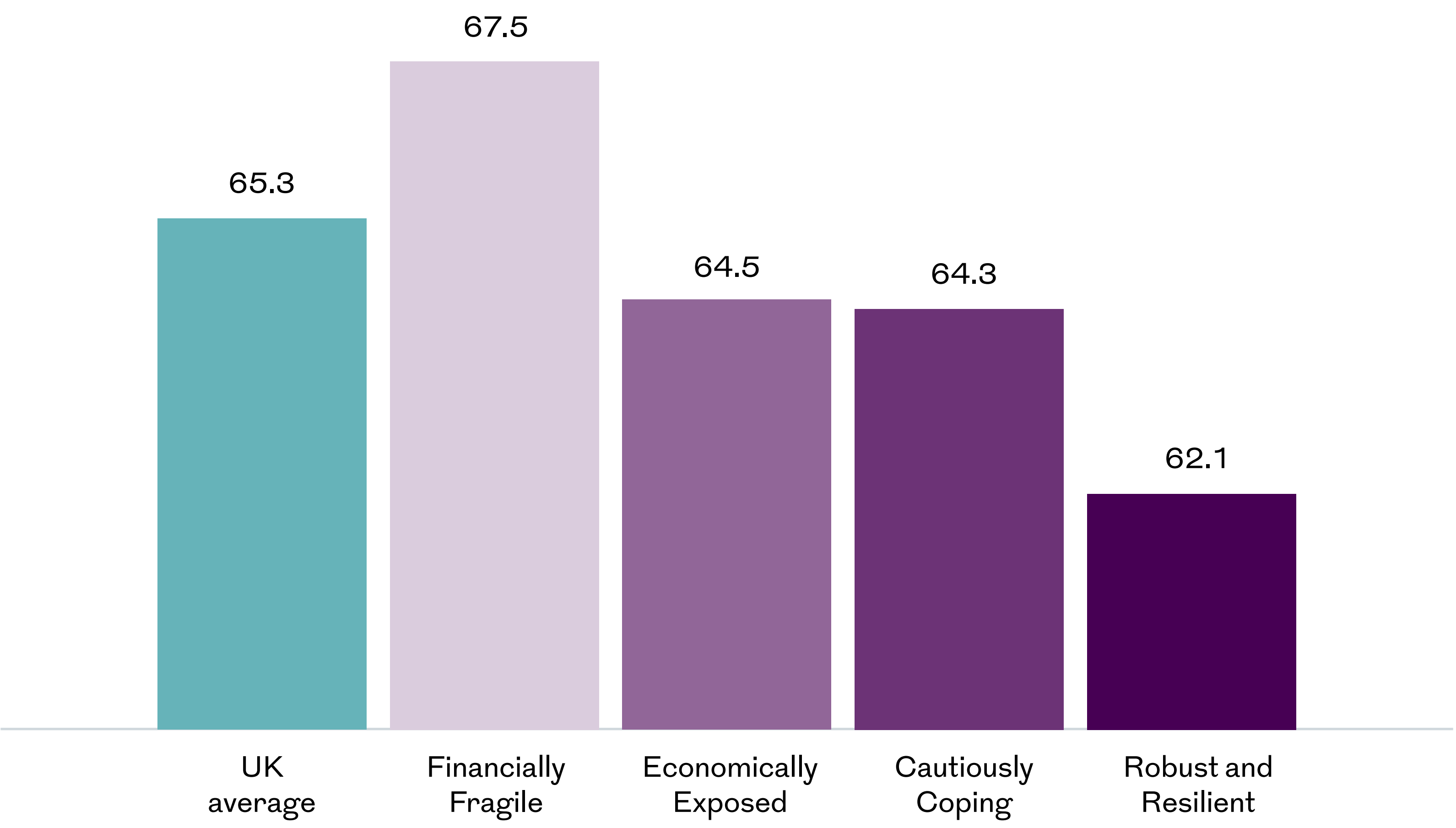
In the last five years, the average age at which people retire has increased. As defined by the DWP, which uses the average age at which people exit the labour market, the retirement age for UK adults in 2025 was:

- **65.8** for men
- **64.7** for women.

Our data shows that the most financially vulnerable expect to retire over five years later than those with the highest financial resilience.

Lower financial resilience = later expected retirement

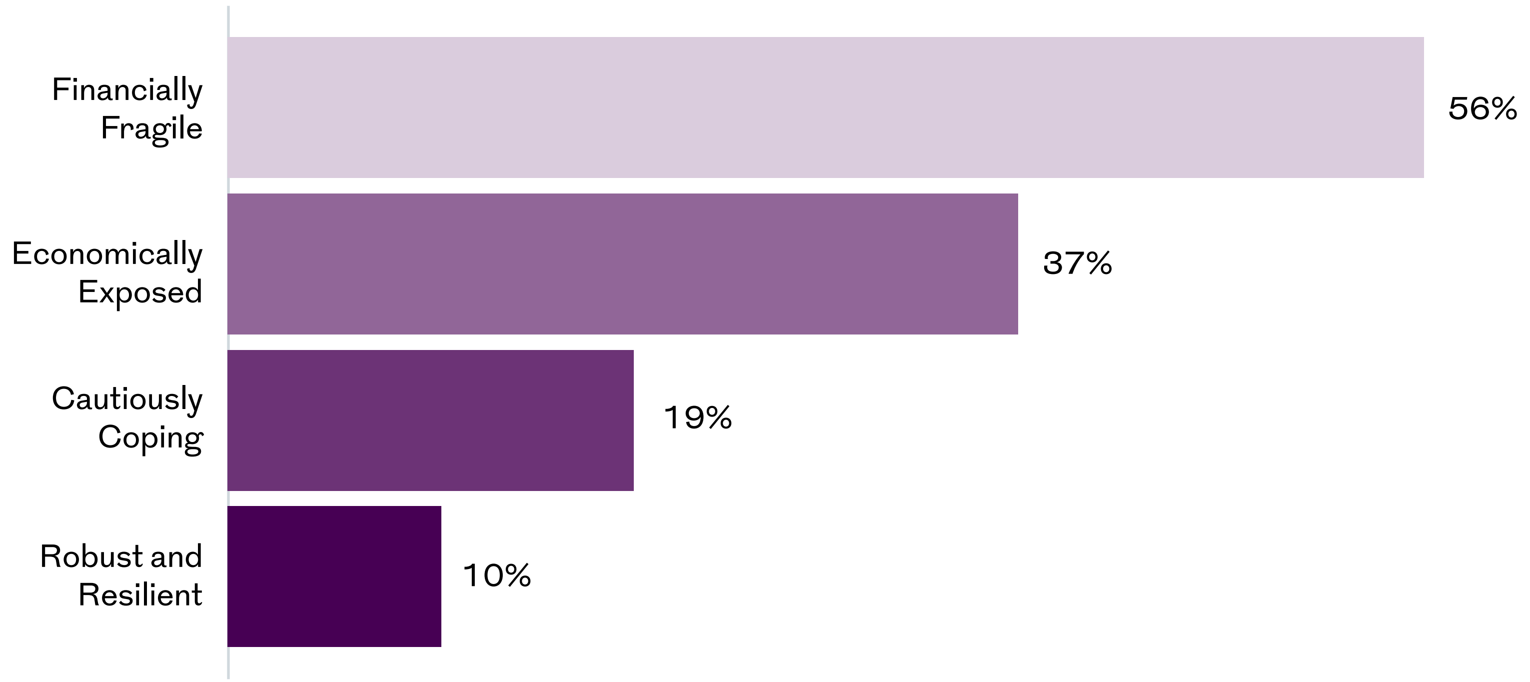
At what age do you expect to fully retire?



As might be expected, the higher cost of living has not impacted the retirement plans of the vast majority of people in the higher resilience groups.

Higher resilience groups' retirement plans are largely unaffected by cost of living crisis

Retirement plans affected by cost of living crisis (%) – by financial resilience category



Of those who say they will have less money for retirement due to the cost of living crisis:

- **38%** are in the Financially Fragile group
- **41%** are Economically Exposed
- **17%** are Cautiously Coping
- **4%** are in the Robust and Resilient category.

Summary

People who are Robust and Resilient are more likely to:

- have high levels of savings, pensions and discretionary income
- be older homeowners with greater financial security and confidence
- be better able to cope with life shocks and rising costs while preserving longer-term security.

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While many people have low levels of financial resilience, the overall picture is mixed.

Most people report having money left over at the end of the month and the majority have cash savings as well. However, there are wide variations, with some having little by way of pension savings and almost one in five having less than £100 in cash savings. A lack of short-term savings remains a key weakness, leaving many exposed to unexpected expenses.

At the same time, longer-term resilience is a persistent concern. Many people lack the pension savings needed for a good standard of living in retirement. For some, this reflects already tightly stretched finances; for others, a lack of engagement. Confidence is also low, with many UK adults either unsure whether they are saving enough for life after work or believing that they are not. This combination of inadequate savings and low confidence increases the risk that today's financial pressures lead to poor outcomes in later life.

This issue is firmly on the policy agenda, with the government's second Pensions Commission examining the extent of undersaving and the long-term sustainability of the pensions system. However, it could be many years before any recommendations have a significant impact on people's longer-term financial resilience, meaning policy changes alone may not be enough to plug this gap.

Looking ahead, there is still the risk that geopolitics impacts people in the UK and puts pressure on household finances, just as we saw earlier this year. We conducted our research just as the conflict began to escalate, and its effects have already been felt through higher petrol and oil prices, and food costs also rising.

There are, however, developments that could help. The introduction of Targeted Support in April, for example, enables authorised financial providers to offer clear, tailored recommendations that consumers can act on, based on the experiences of people in similar situations. This is essentially a simplified form of advice, which doesn't take account of someone's complete financial situation, but is generally free to use, where providers offer it. This could help consumers whose financial position could be improved by the decisions they make, for example on whether to invest or the choices they make at retirement. However, this will not help people pay down debt, build up cash savings or boost their pension savings if they are unable to afford it.

Overall, though, our findings point to continued fragility. Although there are tentative signs of improvement, the foundations of financial resilience remain weak for many. Strengthening both short-term financial buffers and longer-term planning will be critical if households are to withstand future economic shocks and improve their financial security over time.

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