

Table 1: IFoA Savings Goals and PLSA Retirement Living Standards

		Single		Couple	
Nationwide	RLS	Monthly Cost	RLS	Monthly Cost	
Minimum ⁸	£10,200	£86 ⁹	£15,700	£0	
Moderate	£20,200	£799	£29,100	£753	
Comfortable	£33,000	£1,755	£47,500	£2,128	
London					
Minimum	£12,400	£217	£19,800	£135	
Moderate	£24,100	£1,090	£33,300	£1,067	
Comfortable	£36,300	£2,002	£49,300	£2,262	

This number is based on the Joseph Rowntree Foundation's 'Minimum Income Standard' (MIS), which produces budgets for different household types, based on what members of the public think you need for a minimum acceptable.

The IFoA has argued in the past that the full State Pension should be enough to provide individuals with the Minimum Income Standard, ie that it should cover the cost of what is required to provide a socially acceptable standard of living.

Our modelling shows that for a couple, this is currently the case: for couples with a full National Insurance record, the combined State Pension payment would get them to the MIS. No more would need to be saved . . .

. . . However, our modelling shows that an individual would need to save £86 per month to meet the MIS on their own.

The current AE minimum contribution is 8% in total (made up of employer and employee contributions). Saving at the current AE minimum rate from age 22 should be sufficient to deliver an income above the MIS.

The savings goal required to reach the 'comfortable' living standard is more than double that of the 'moderate' savings goal.

This is the total amount needed to be saved by the couple, not an individual Goal. It gives each person the flexibility to save a proportion of the total that makes sense based on their relative earnings.

The State Pension is no higher for someone living in London than those in the rest of the country, despite the cost of living being more expensive for those in the capital. This means that in order to achieve the MIS for someone retiring in London, even as part of a couple, each individual will have to save something, where the State Pensions would suffice in other parts of the country.